



CITY OF  
**HAYWARD**  
HEART OF THE BAY

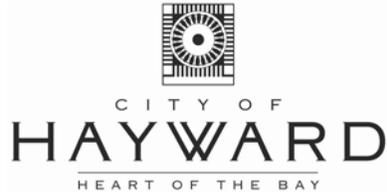
**CITY COUNCIL AGENDA**  
**MARCH 6, 2012**

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**MAYOR MICHAEL SWEENEY**  
**MAYOR PRO TEMPORE BARBARA HALLIDAY**  
**COUNCIL MEMBER OLDEN HENSON**  
**COUNCIL MEMBER MARVIN PEIXOTO**  
**COUNCIL MEMBER BILL QUIRK**  
**COUNCIL MEMBER MARK SALINAS**  
**COUNCIL MEMBER FRANCISCO ZERMEÑO**

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**CITY COUNCIL MEETING FOR MARCH 6, 2012**  
777 B STREET, HAYWARD CA 94541  
[WWW.HAYWARD-CA.GOV](http://WWW.HAYWARD-CA.GOV)

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**CLOSED SESSION**  
**Closed Session Room 2B – 4:00 PM**

**1. PUBLIC COMMENTS**

2. Public Employment

Pursuant to Government Code 54957

- Performance Evaluation  
City Clerk

3. Conferenec with Legal Counsel

Pursuant to Government Code 54956.9

- Pending Litigation  
City of Hayward v. Inocencio, Alameda County Superior Court Case No. HG11575075

4. Conference with Legal Counsel

Pursuant to Government Code 54956.9

- Pending Litigation  
City of Hayward v. Young, Alameda County Superior Court Case No. HG11609627

5. Conference with Legal Counsel

Pursuant to Government Code 54956.9

- Anticipated Litigation  
One Case

6. Conference with Legal Counsel

Pursuant to Government Code 54957.6

- Pending Litigation  
Franklin Sunseri v. City of Hayward c/o JT2 Integrated Resources  
Workers' Compensation Appeals Board Case No. ADJ3810992

7. Conference with Labor Negotiators

Pursuant to Government Code 54957.6

- Lead Negotiators: City Manager David, City Attorney Lawson, Assistant City Manager Morariu, Human Resources Director Robustelli, Finance Director Vesely, Police Chief Urban, and Assistant City Attorney Roufougar  
Under Negotiation: All Bargaining Units

8. Adjourn to City Council Meeting

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# SPECIAL JOINT CITY COUNCIL/REDEVELOPMENT SUCCESSOR AGENCY MEETING

Council Chambers - 7:00 PM

**CALL TO ORDER Pledge of Allegiance** Council Member Halliday

**ROLL CALL**

**CLOSED SESSION ANNOUNCEMENT**

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**PUBLIC COMMENTS:** *(The Public Comment section provides an opportunity to address the City Council on items not listed on the agenda or Work Session, or Informational Staff Presentation items. The Council welcomes your comments and requests that speakers present their remarks in a respectful manner, within established time limits, and focus on issues which directly affect the City or are within the jurisdiction of the City. As the Council is prohibited by State law from discussing items not listed on the agenda, your item will be taken under consideration and may be referred to staff.)*

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**NON-ACTION ITEMS:** *(Work Session and Informational Staff Presentation items are non-action items. Although the Council may discuss or direct staff to follow up on these items, no formal action will be taken. Any formal action will be placed on the agenda at a subsequent meeting in the action sections of the agenda.)*

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## SPECIAL JOINT CITY COUNCIL/PLANNING COMMISSION WORK SESSION

1. Presentation by Cal Poly State University Students Regarding the Hayward Downtown Plan Update Project (Report from Development Services Director Rizk)

[Staff Report](#)

[Attachment I Area Map](#)

[Attachment II Land Use Diagram](#)

[Attachment III Circulation Diagram](#)

[Attachment IV Opportunity Area 1 - City Center](#)

[Attachment V Opportunity Area 2 - Main St./B St./Library](#)

[Attachment VI Opportunity Area 3 - BART Area](#)

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**ACTION ITEMS:** *(The Council will permit comment as each item is called for the Consent Calendar, Public Hearings, and Legislative Business. In the case of the Consent Calendar, a specific item will need to be pulled by a Council member in order for the Council to discuss the item or to permit public comment on the item. Please notify the City Clerk anytime before the Consent Calendar is voted on by Council if you wish to speak on a Consent Item.)*

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## CONSENT

2. Approval of Minutes of the City Council Meeting on February 21, 2012

[Draft Minutes](#)

MARCH 6, 2012



3. Adoption of a Resolution to Approve Hayward Association of Management Employees Memorandum of Understanding and Adoption of a Salary and Benefits Resolution for the Unrepresented Management, Human Resources, and City Attorney Employees

[Staff Report](#)

[Attachment I HAME RESOLUTION](#)

[Exhibit 1 to HAME RESO](#)

[Attachment II UNREP RESOLUTION](#)

[Exhibit 1 to UNREP RESO](#)

4. Adoption of an Enforceable Obligation Payment Schedule, Approval of the Recognized Obligation Payment Schedule, Approval of the Successor Agency Preliminary Administrative Budget, and Approval of Certain Determinations Regarding Separate Assets and Liabilities of the Successor Agency of the Redevelopment Agency

[Staff Report](#)

[Attachment I Resolution](#)

[Attachment II Administrative Budget](#)

[Attachment III EOPS](#)

[Attachment IV ROPS](#)

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*The following order of business applies to items considered as part of Public Hearings and Legislative Business:*

- *Disclosures*
- *Staff Presentation*
- *City Council Questions*
- *Public Input*
- *Council Discussion and Action*

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## LEGISLATIVE BUSINESS

5. Fiscal Year 2012 Mid-Year Budget Review and General Fund Ten-Year Plan Update (Report from Finance Director Vesely)

[Staff Report](#)

[Attachment I Resolution](#)

[Attachment II Ten Year Plan](#)

[Attachment III Mid-year Adjustment Table](#)

**NEXT MEETING – 7:00 PM, TUESDAY, MARCH 20, 2012**

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**PUBLIC COMMENT RULES:** *The Mayor may, at the beginning of the hearing, limit testimony to three (3) minutes per individual and five (5) minutes per an individual representing a group of citizens or organization. Speakers will be asked for their name and their address before speaking and are expected to honor the allotted time. A Speaker's Card must be completed by each speaker and is available from the City Clerk at the meeting.*

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**PLEASE TAKE NOTICE** that if you file a lawsuit challenging any final decision on any public hearing or legislative business item listed in this agenda, the issues in the lawsuit may be limited to the issues that were raised at the City's public hearing or presented in writing to the City Clerk at or before the public hearing. **PLEASE TAKE FURTHER NOTICE** that the City Council has adopted Resolution No. 87-181 C.S., which imposes the 90 day deadline set forth in Code of Civil Procedure section 1094.6 for filing of any lawsuit challenging final action on an agenda item which is subject to Code of Civil Procedure section 1094.5.

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\*\*\*Materials related to an item on the agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, City Hall, 777 B Street, 4<sup>th</sup> Floor, Hayward, during normal business hours. An online version of this agenda and staff reports are available on the City's website. Written comments submitted to the Council in connection with agenda items will be posted on the City's website. All Council Meetings are broadcast simultaneously on the website and on Cable Channel 15, KHRT. \*\*\*

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Assistance will be provided to those requiring accommodations for disabilities in compliance with the Americans with Disabilities Act of 1990. Interested persons must request the accommodation at least 48 hours in advance of the meeting by contacting the City Clerk at (510) 583-4400 or TDD (510) 247-3340.

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*Please visit us on:*



**DATE:** March 6, 2012

**TO:** Mayor and City Council  
Planning Commission

**FROM:** Development Services Director

**SUBJECT:** Presentation by Cal Poly State University Students Regarding the Hayward Downtown Plan Update Project

## **RECOMMENDATION**

That Council and Planning Commission review and comment on this report and the students' presentation.

## **BACKGROUND**

In mid-September, the Planning Division began coordinating with fourth year undergraduate students in the City and Regional Planning Department at California Polytechnic State University, San Luis Obispo, to prepare an update to the Hayward Downtown Plan. With input from staff and stakeholders, the students' work has primarily focused on creating an Existing Conditions report via a Synoptic Survey<sup>1</sup> of the Downtown Core area, a Community Outreach Report summarizing the community outreach efforts undertaken and public input received regarding the future vision for Downtown, and a draft Land Use and Circulation Plan with recommendations for future development at three key locations: (1) the former Mervyn's headquarters site and the City Center properties along/near Foothill Boulevard; (2) the BART property at Montgomery Street between A and D Streets; and (3) properties along Main Street and B Street, including the existing library plaza area.

The students' work will be useful toward development of a Downtown Specific Plan, Form-Based Code, and Transit Access Plan. Staff envisions this more technical work, including detailed technical analyses, to be completed by a consultant if the City is successful with obtaining a Strategic Growth Council's Sustainable Communities Planning Grant. Staff submitted a grant application on February 15, and expects to know in May if the grant will be awarded.

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<sup>1</sup>Synoptic Survey = A survey that presents a summary of the principal parts or a general view of the whole.

## DISCUSSION

With oversight by Hayward Planning Division staff, the students from Cal Poly embarked on a six-month process to update the Vision for Downtown Hayward. There are six different planning documents that exist that address development in the Downtown area and most are nearly twenty years old. The students prepared a work plan identifying three key deliverables based on their research and community outreach. The deliverables will ultimately be submitted to the City for use in the future planning and development of the Downtown area.

The three key deliverables include: (1) A Synoptic Survey Report; (2) a Public Outreach Report; and (3) an Envision Downtown Hayward 2040 Plan. These three deliverables, while not available for this March 6 work session, will be addressed by students during the March 6 presentation and will be forwarded to City staff in early April. City staff will incorporate input from this joint work session of Council and Commission into any future planning endeavors for this area. It is staff's intention to utilize the visioning efforts of the students in preparing a RFP for preparation of a Downtown Specific Plan, Form-Based Code, and Transit Access Plan should the City be successful with the grant application. Staff would recommend holding separate work sessions with the City Council and Planning Commission in the summer to present the final work from the students and receive guidance related to the next planning steps for the Downtown. Below is a summary of what topics will be covered in the students' April reports.

### Synoptic Survey

The Synoptic Survey will describe findings from a survey performed by the Cal Poly students in October 2011. Students surveyed every parcel within the core area of Downtown Hayward on foot, with supplemental surveys in the overall Downtown area being conducted through a combination of on-foot and online land use surveys. The report will cover data collected on existing land uses, building frontages, building height, building conditions, and parking. The report findings will be described by block and for major intersections, which when put together, will paint a cohesive portrait of the Downtown that can be used as the basis for future planning efforts.

### Public Outreach Report

The Public Outreach Report will summarize input from the two "Envision Downtown Hayward" Public Workshops conducted in November, 2011 and February, 2012; community stakeholder interviews conducted in October 2011; a Community Opinion Survey; Visual Preference Survey; and a Focus-Group Meeting. Each of these elements of the public outreach process conducted by the students provided feedback about community needs and opinions.

*Envision Hayward Public Workshop #1* - The first Envision Hayward Workshop was held on Saturday November 5, 2011 and had a turnout of about sixty community members including City Council members and Planning Commissioners, who participated in small group facilitated discussions on what they see as assets for the Downtown, what they want to see changed, and their visions and ideas for the future of Downtown. After the discussions, consensus items were selected by each group and presented to all workshop participants.

The key assets described by participants during the workshop to preserve were the following: B Street; Downtown Hayward's historical buildings; existing businesses; existing civic buildings and parks; Downtown Hayward's proximity to BART; community events; and free parking. The areas of concern identified by participants in the public outreach event included: safety and perception of safety in Hayward; vacancies; Foothill Boulevard; the mini-loop project; lack of identity; homelessness; and trash. The visions described by participants included a connection from CSU East Bay and Chabot College to Downtown Hayward, community amenities at the former Mervyn's site, cultural amenities in the Downtown core, safety and perception of safety, diverse housing options, more open space, and an expansion of the mural program.

Stakeholder Interviews - Interviews were conducted with Downtown stakeholders on November 4, 2011. Stakeholders included City Council members, Planning Commissioners and others based on their previous involvement in City affairs, the geographic location of businesses and buildings they owned within the project boundaries, and those who would have substantial influence and/or would experience a substantial impact as a result of the Downtown Hayward Plan Update proposals. Stakeholders' responses were synthesized into six overall themes. They included community identity, circulation, safety, historic preservation, economic development, and education.

Community Opinion Survey - The Community Opinion Survey was given out in the first public workshop and was also available online. The students collected approximately sixty responses in the workshop and seventy responses online. The survey was designed to collect demographic information about the workshop participants, and asked questions regarding the priorities of the community and the participants' use and transportation habits in the Downtown. Dining was identified as the most common Downtown activity. Safety, vacancies, transportation issues, and the Hayward Library expansion were cited as the most important issues to workshop participants. The primary mode of transportation identified by survey participants is the personal vehicle. The majority of participants reported feeling safe in the Downtown, although a significant amount of survey responders did cite that Hayward felt unsafe to them during nighttime.

Visual Preference Survey - The Visual Preference Survey was conducted at the first community workshop held in November. This exercise was designed to get input from the participants about the general visual qualities and development types they would like to see in the Downtown. The students displayed five posters each containing four photographs demonstrating five major categories of development types: gateways, mixed-uses, residential buildings, streetscaping and signage, and open space. Community members were then asked to select two images that are most appropriate to Downtown Hayward.

- Gateways: The community responded positively to the idea of a gateway. They wanted to create distinct features near major intersections that indicate to travelers they are entering the Downtown.
- Mixed-Use: Community members indicated they would like to see a variety of mixed-uses in Downtown that include commercial, retail and residential development. They want to preserve and expand the existing pedestrian friendliness and walkability of B Street.

- Residential: The community preferred single-family attached housing and townhomes with limited front yard space. The design that received the most votes featured front porches and doors oriented towards the street.
- Streetscaping and Signage: The community responded positively to an open streetscape and visible signage; they liked the existing streetscape on B Street, but would like to see more outdoor seating. A common problem expressed by the public was the lack of street signage. They wanted more gateways and directional signs in Downtown.
- Open Space: The community preferred a linear park compared with the typical playground park and a variety of vegetation in the open space in Downtown Hayward. They also preferred more outdoor seating in parks.

*Focus Group Meeting* – A Focus Group meeting, consisting of approximately seven people, including two Council members, a Planning Commissioner, and community members involved in public issues in the past, was held on December 3, 2011. The purpose of the meeting was to facilitate a discussion about the four selected opportunity sites. These areas were selected based on a number of factors, including location, size, opportunity for development, and input from community members. The four selected sites were the City Center Complex, the area surrounding the BART station, the Downtown core centered on B and Main Streets, and the Hayward Library Site.

*Envision Hayward Public Workshop # 2* - Based on the feedback from the Focus Group Meeting in December, the students decided to narrow the four opportunity sites down to three. Opportunity Areas 3 (Main St/B St.) and 4 (Hayward Library site) were combined because of their proximity to each other and the area's name was changed to the Main Street/B Street/Library Opportunity Site.

The purpose of the second public workshop, conducted on Saturday, February 4, 2012, was to present alternative concept plans to the public and gain feedback regarding the conceptual proposals. Approximately twenty-one people, including two Council members and one Planning Commissioner attended the meeting and were divided into two groups to provide more time for community members to contribute to the discussion. Students presented proposals to both groups covering the Overall Downtown Concept Plan, the Main Street/B Street/Library Opportunity Site, the City Center Opportunity Site, and the BART Opportunity Site. Participants voted on which key features they liked or didn't like and wrote additional comments on surveys handed to them before the conclusion of each discussion.

### Envision Downtown Hayward 2040 Report

The Envision Hayward 2040 Report (Report), to be submitted by the students, will focus on providing a vision concept plan for development in Downtown Hayward through recommendations on land use and open space, circulation, design guidelines, and specific proposals for three identified opportunity areas. The Report will cover the planning and outreach processes, current conditions and contextual background, recommendations on three elements (Land Use and Open Space, Circulation, and Urban Design), and proposals for the three opportunity areas.

Land Use and Open Space - The Land Use and Open Space chapter will have goals, policies and actions for proposed land use designations with descriptions and identification of new uses including housing supply and typology and open space. Proposed land uses will be compared to existing land use designations with regards to area devoted to individual uses and long term expansion potential.

Key features of the overall land use plan (Attachment II) include:

1. The commercial core along B Street and within the loop is proposed to be retained and energized. Current focus on commercial retail uses in the area will be expanded to include activities for all ages. This will also promote pedestrian traffic within the area and a vibrancy that the Downtown is lacking.
2. The historic resources throughout the Downtown are a very important characteristic of the area and must be preserved and enhanced. The land use plan proposes a better connection to Main Street from B Street with improved street furniture to further enhance the historic district's character. The preservation of historic homes along B Street is also recommended, which will add to the historical context for the area and encourage the proposed historic walk/ mural program.
3. To complement the uses surrounding Downtown, a proposal for Mixed Office-Commercial development, as well as Commercial-Residential along A Street, where current auto shops are located, is recommended. These uses will complement the Downtown without competing with the Downtown commercial core.
4. Mixed Office-Commercial development centralized along Foothill is proposed to act as a buffer to the proposed Mixed Commercial-Residential that will decrease in density as it gets further from Foothill. The increase in office space will encourage different types of businesses in the Downtown and will also increase activities during the day.
5. The proposal includes high and medium density residential to encourage students, faculty, and young professionals to live in the Downtown. This will encourage day and night movement throughout the Downtown.
6. The entrance to the Japanese Gardens is proposed for improvements by emphasizing the current entrance and adding an entrance along Russell Way to guide visitors along an active street. This will also complement the proposed creek walk where people will be guided to the Japanese Gardens.
7. The current densities and height limits within Downtown are not proposed for change, with the exception of the Opportunity Areas. Developments will be encouraged to build out to the average currently allowable density potential.

Circulation - The Circulation chapter covers existing conditions, the proposed multimodal circulation system, streetscape and gateway design, and policy recommendations. Some key

features include the Creek Walk and a rapid shuttle system to carry residents and visitors around Downtown and to the Hayward BART station.

Key Features of the Circulation Plan (Attachment III) include:

1. There are two separate shuttles proposed that will serve as a public transportation connection to key areas in the Downtown. The “Blue line” will serve as a connection for the Japanese Garden, City Center area, and BART Station. The “Green line” will serve as a connection from CSU East Bay to the key areas of B Street and the BART Station.
2. A pedestrian bridge (or a well-marked pedestrian crossing) is proposed at the intersection of Foothill Boulevard and B Street to connect the mixed use development along Foothill Boulevard to the commercial core along B Street. A well-marked mid-block pedestrian crossing is proposed on C Street between Mission Boulevard and Watkins Street, connecting the existing library site to the proposed library site. A pedestrian bridge at the BART site connecting the BART platform with the adjacent parking structure is also proposed.
3. Main Street and B Street are proposed to become “complete streets” to integrate safe, attractive, and comfortable access and travel for all users. This will include an easy access for pedestrians, bicyclists, motorists, and public transportation users of all ages. A bicycle path is proposed along B Street (angled parking is shown to be changed into parallel parking to provide space for the bicycle lane and accommodate two-way traffic along B Street).
4. Signage within the Downtown will provide general directional signs to bring people to parking structures and key Downtown areas. The signage will be attractive and consistent throughout the Downtown. The proposed gateways will be located along Foothill in the City Center area, at the BART station area, as well as at the entrance to Downtown at Foothill and Mission. For more information about the specific locations of these gateways, please see the attached Circulation Map and Opportunity Area Concept Plans.

Urban Design – An Urban Design chapter will provide development guidelines for architectural style in the opportunity areas, with such guidelines being developed as a separate project that is expected to be completed later this calendar year. The following areas will be addressed: Site design; Building elements; Signage; and Gateways.

Opportunity Areas - The students identified three opportunity areas within the Downtown area: City Center Area (includes the former Mervyn’s headquarters site), Main St/ B St/Library Area, and the Hayward BART Center Area. For each area, the report will describe the existing characteristics of the area, proposed characteristics and changes, build-out potential based on existing and proposed land uses, development standards, and policy and action recommendations for each area.

Key features of the City Center Opportunity Area include (see Attachment IV):

1. The northwestern portion of the Mervyn's site is proposed to be developed as a large outdoor sports facility with a YMCA. The sports facility would have outdoor basketball, soccer, and baseball fields. The YMCA is envisioned to be approximately 15,000 to 20,000 square feet and will offer youth-oriented activities and programs like tutoring, arts and crafts programs, and recreational sports leagues. In the future, the YMCA can be potentially used by CSU East Bay as a satellite campus.
2. The southwestern portion of the Mervyn's site is proposed for a hotel with approximately 200 rooms and 10,000 square feet of flexible meeting and conference space. The hotel will be adjacent to the creek and creek-side open space, offering a pleasant natural retreat for hotel guests. The hotel is envisioned to be 3-4 stories high and will provide Hayward with a much needed Downtown hotel.
3. On the eastern portion of the area, high density residential development is proposed. The residential units will be behind the existing Safeway and office spaces, and will complement the existing residential development across City Center Drive. It is envisioned that the residential development would include private interior courtyards for residents. New residential development will be connected to the Japanese Gardens and proposed sports complex via the proposed creek walk open space.
4. San Lorenzo Creek embankment and land along it on the western and southern portions of the site are recommended for creek side open space. The current channelized stream could be restored to a more natural state and graded to include pedestrian and bicycle pathways. The pathways would connect the proposed YMCA and sports complex with the existing Senior Center, Douglas Morrison Theatre, and Japanese Gardens. The redesigned creek side would include a new main entrance to the Japanese Gardens near the intersection of 2<sup>nd</sup> Street and City Center Drive.
5. Redevelopment of the City Center site would include a proposed shuttle stop on a median in the middle of Foothill Boulevard adjacent to the proposed hotel, YMCA, and sports complex. The shuttle will connect the City Center area with the Downtown Core and BART via A Street. The proposed shuttle will also stop near the new entrance to the Japanese Gardens, connecting the gardens with BART and the Downtown Core. (This feature is still being discussed in the context of the overall circulation system)

Key Features of the Main St/ B St/Library Area include (see Attachment V):

1. The Main Street/B Street/Library opportunity area is an important aspect of Downtown Hayward where most civic uses and some economic activities take place. The majority of this opportunity site is recommended for two-story office and commercial mixed-use development. Commercial/retail uses will be on the first floor and office uses will be on the second floor.

2. The existing Hayward Library is one of many iconic buildings in Downtown Hayward that is recommended to be preserved. The exterior of the library building will be kept intact and the interior will be remodeled to be used as a cultural center and museum with small rooms for galleries. A sculpture garden could be placed on the southernmost portion of the block. A small outdoor amphitheater is proposed on northwestern portion of existing Library site, which can be used for small local performances. The stage will be facing the existing Library building and will be shaded by trees to reduce sound from surrounding uses.
3. The new library is proposed to be built next to the Post Office. To meet current and future needs, the approximate square footage of the new library is proposed to be 50,000-55,000 square feet and three to four stories high.
4. The former City Hall building is recommended to be retained in its current state and the amount of open space around the building will be expanded. The Veteran's Memorial Hall will be preserved and used as a community center or a building for large gatherings. The façade of the Historical Society Building will be kept and the rest of the building will be stabilized with new two-story mixed-use commercial-office development.
5. Main Street is recommended to be transformed into a two-way complete street with one lane for automobiles going in each direction, bike lanes on both sides, and parallel parking. The sidewalks will be widened and street furniture will be added to increase activity along the street. B Street will be redesigned into a two-way complete street with one lane of automobile traffic going in each direction, bike lanes and parallel parking. Bulb outs are proposed at the Main Street and B Street intersection. At the intersection of B St. and Main St. will be a directional sign for local landmarks such as the Japanese Gardens, the BART Station, and City Hall.
6. A class II bike lane is proposed along Watkins Street to act as a connection to Downtown in addition to the Loop. Proposing bike lanes through Downtown gives visitors more transportation options and reduces the environmental impact of automobiles. Main Street and B Street will also have bike lanes that will connect to Watkins Street and the Loop.

Key Features of the BART Center area include (see Attachment VI):

1. Medium-sized Performing Arts Center is proposed to be located on the vacant lot adjacent to the BART station along B Street at Montgomery Street (which BART is currently using for construction office trailers for its seismic retrofit project) aiming to capture BART riders and bring people to the Downtown and restaurants before and after events/shows. A Performing Arts Center will help to celebrate the diversity in Hayward and bring more arts and cultural activities into the Downtown.
2. Mixed-use residential with commercial/retail on the ground floor is proposed east of the BART station will be a transit oriented development (TOD) bringing a 24-hour presence to Downtown. Part of the mixed-use development proposes to be built where the existing BART surface parking currently is located. The existing parking structure will continue being used to serve BART and will be expanded to accommodate for the removed surface

parking. The commercial/retail will serve BART users, residents, and the Downtown workforce. The buildings will be three to five stories high and will be architecturally consistent with Downtown Design Guidelines.

3. A Proposed circular plaza and open space between BART and City Hall will create a natural gathering and waiting place near the Performing Arts Center and BART. It will also pull people into the Downtown area and City Hall.
4. Increased lighting is proposed throughout the site and pedestrian crosswalks across the train tracks will result in a safer environment that is well lit at all times of the day and night. A fenced off, well-lit pedestrian path along the train tracks is also proposed to provide a safer connection to A Street from BART.
5. An artistic gateway is proposed at the entrance to the historic Downtown and can serve as a place-maker for Downtown. The gateway and surrounding buildings will also utilize the popular murals seen in Downtown to highlight the local history and art, and tie into the surroundings.
6. The proposed streestcaping includes wide sidewalks for pedestrians, low impact and drought tolerant vegetation/trees, seating, and historic style lights that are consistent with the popular designs seen on B Street.
7. The main drop off area on the west side of BART will be improved to include a lane for buses and the proposed shuttle to/from CSUEB, drop off/pick up, and a designated taxi loading zone.. Bicycle parking would also be available to encourage alternative modes of transportation and capture cyclists from the proposed bike lanes in Downtown.
8. In response to the public's concern about accessing the parking structure through the existing underground passageway, a pedestrian bridge is proposed to connect the BART platform to the expended parking structure.

## **ECONOMIC IMPACT**

A new Downtown Plan, along with a form-based code and other elements, will bring more consistency and predictability for developers, and for the community and policy makers of Hayward. The exact economic impact will be better known when the Plan itself is completed.

## **FISCAL IMPACT**

The contract with the Cal Poly students is for \$20,000 and was covered with cost savings in both the Development Services Department and City Manager's Office budgets. More information regarding potential fiscal impacts, including those associated with potential needed infrastructure improvements, will be presented at a future date in association with a proposal to actually develop a new Downtown Specific Plan for Hayward.

## **PUBLIC CONTACT**

As indicated in this report, the Cal Poly students conducted community workshops in November 2011 and February 2012. They also held stakeholder interviews in November 2011 and conducted a Focus Group meeting in December 2011. Additional details regarding the students' public outreach efforts will be detailed in the Public Outreach Report anticipated for submittal by early April. If City staff is successful with the Strategic Growth Council Sustainable Communities Planning Grant application, additional public outreach will occur throughout that process including workshops and focus group meetings.

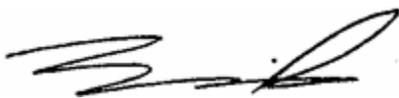
## **NEXT STEPS**

The students have developed a vision, which will be used to start the formal planning process for the actual Downtown Plan. The Downtown Plan process will entail "testing" the students' vision and molding it into what is desired by the community and ultimately approved by Council. The Cal Poly Students will be finalizing their Specific Plan Project for Downtown Hayward and forwarding all documents to the City by early April. Staff would recommend holding work sessions with both the City Council and Planning Commission in early summer to present the final work from the students and receive guidance related to the next planning steps for the Downtown. The efforts of the students, along with input from the City Council and Planning Commission, will then be used to create a Request for Proposals for Preparation of a Downtown Specific Plan, Form-Based Code, and Transit Access Plan. Development of these documents would be done by consultants as managed by City staff, should the City be successful with its Strategic Growth Council Sustainable Communities Planning Grant application that was submitted on February 15. Grant awards are anticipated in mid-May and if successful, staff anticipates issuing the RFP in the summer.

*Prepared by:* Sara Buizer, AICP, Senior Planner

*Recommended by:* David Rizk, AICP, Development Services Director

Approved by:



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Fran David, City Manager

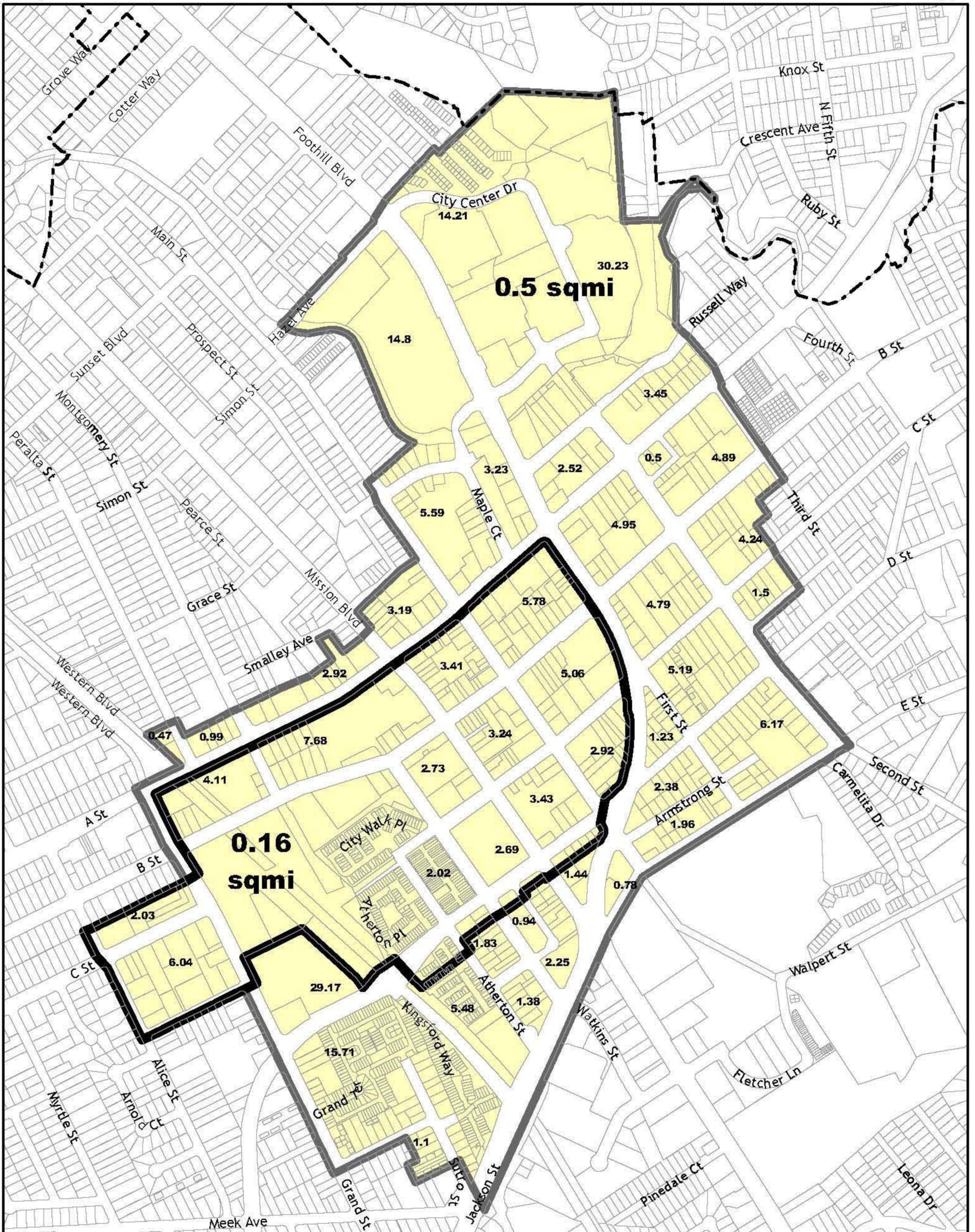
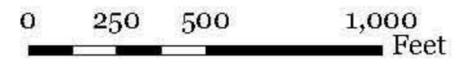
Attachments:

- |               |                                 |
|---------------|---------------------------------|
| Attachment I  | Downtown Specific Plan Area Map |
| Attachment II | Recommended Land Use Diagram    |

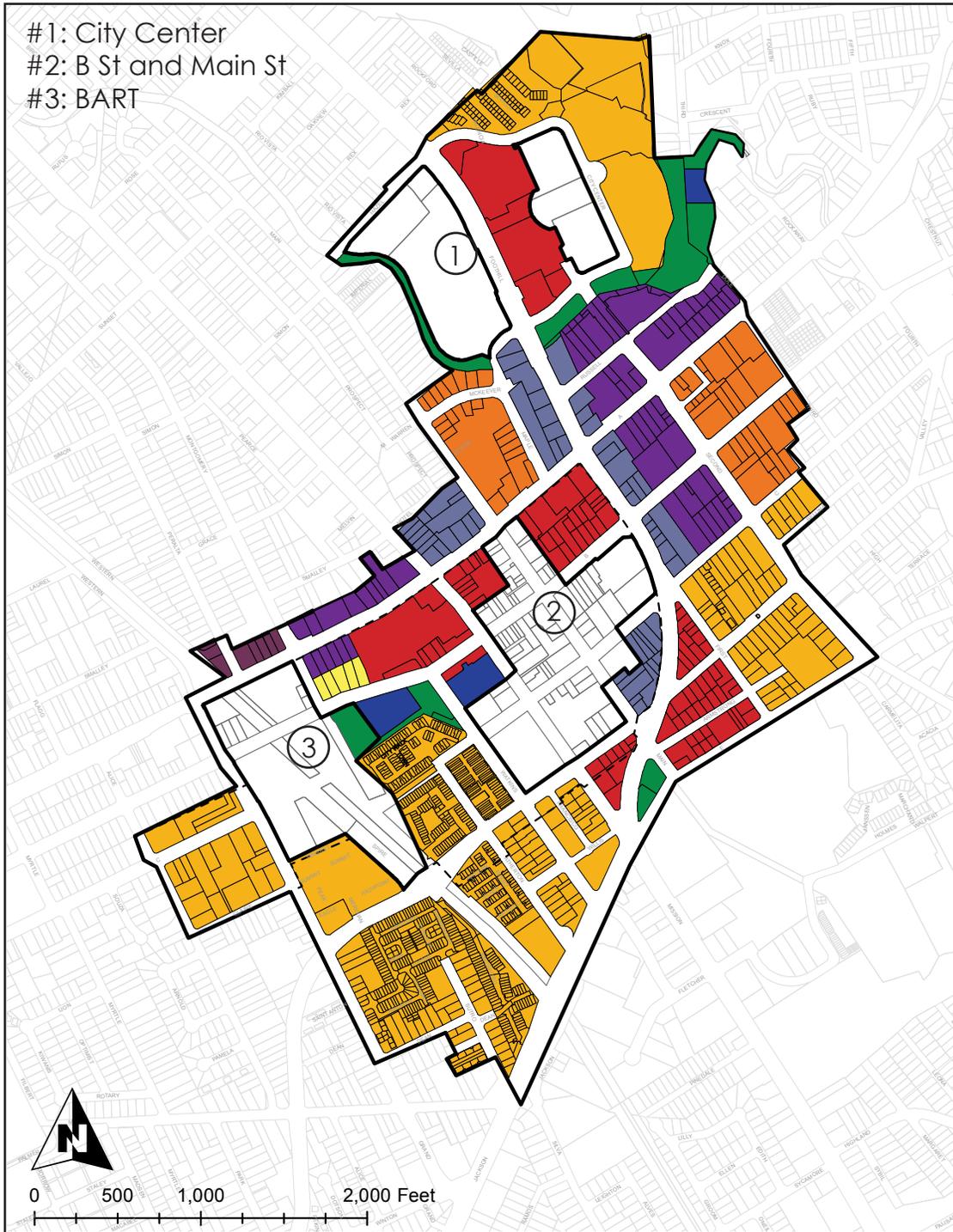
Attachment III	Recommended Circulation Diagram
Attachment IV	Opportunity Area 1 - City Center
Attachment V	Opportunity Area 2 – Main/B Streets and Library
Attachment VI	Opportunity Area 3 – BART Area



# Downtown Hayward



# Downtown Hayward Land Use Map

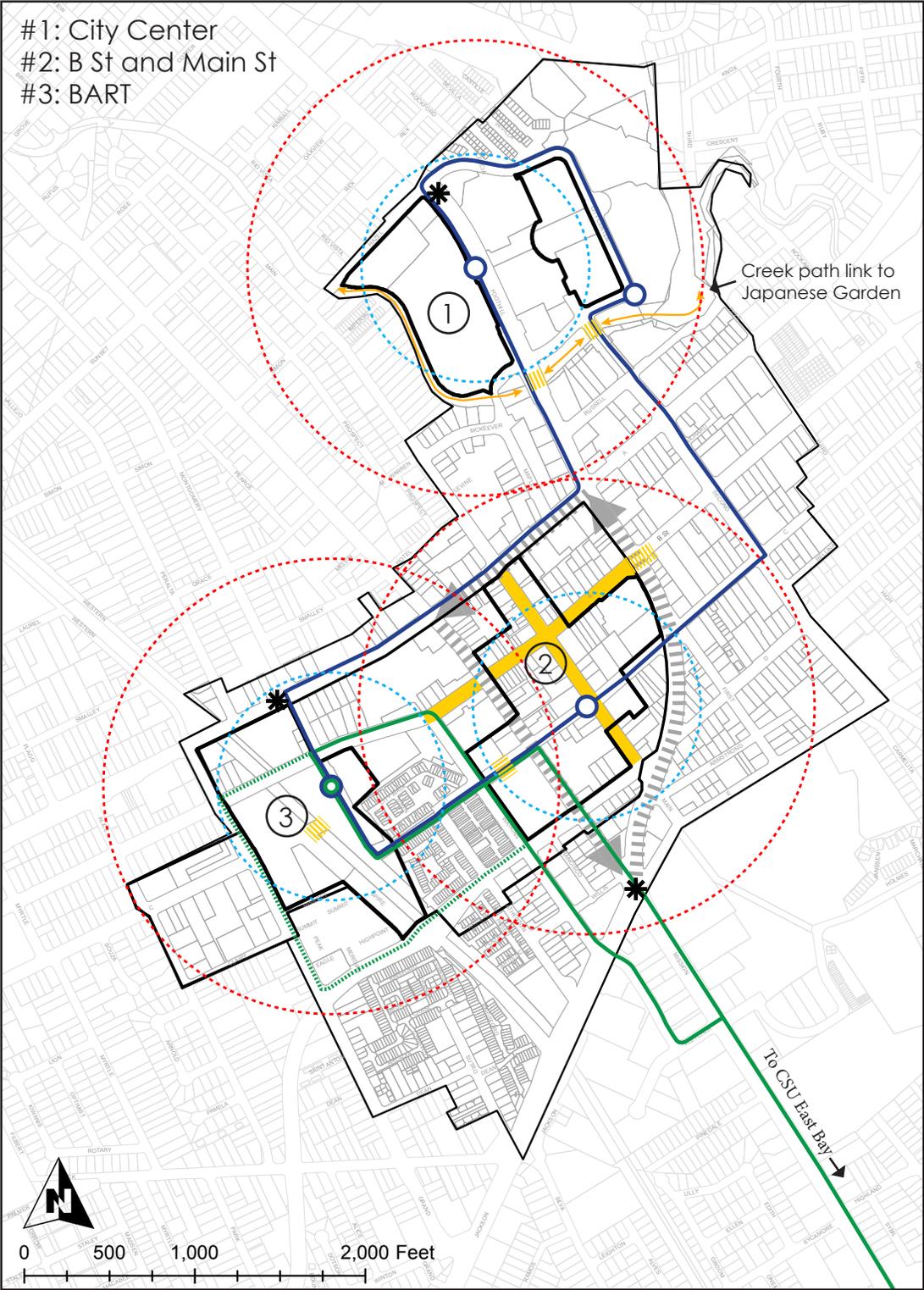


## Legend

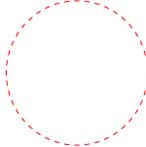
- |   |                     |                                  |
|---|---------------------|----------------------------------|
| High-Density Residential (65-110 du/ac)       | Commercial/Retail   | Residential/Commercial Mixed-Use |
| Medium/High-Density Residential (40-65 du/ac) | Open Space          | Office/Commercial Mixed-Use      |
| Medium-Density Residential (17-40 du/ac)      | Public/Quasi-Public | Residential/Office Mixed-Use     |

\*du/ac = dwelling units per acre

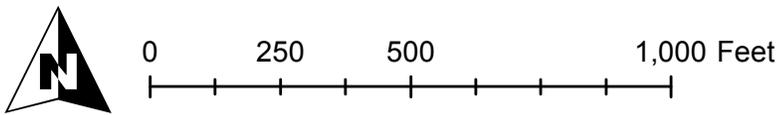
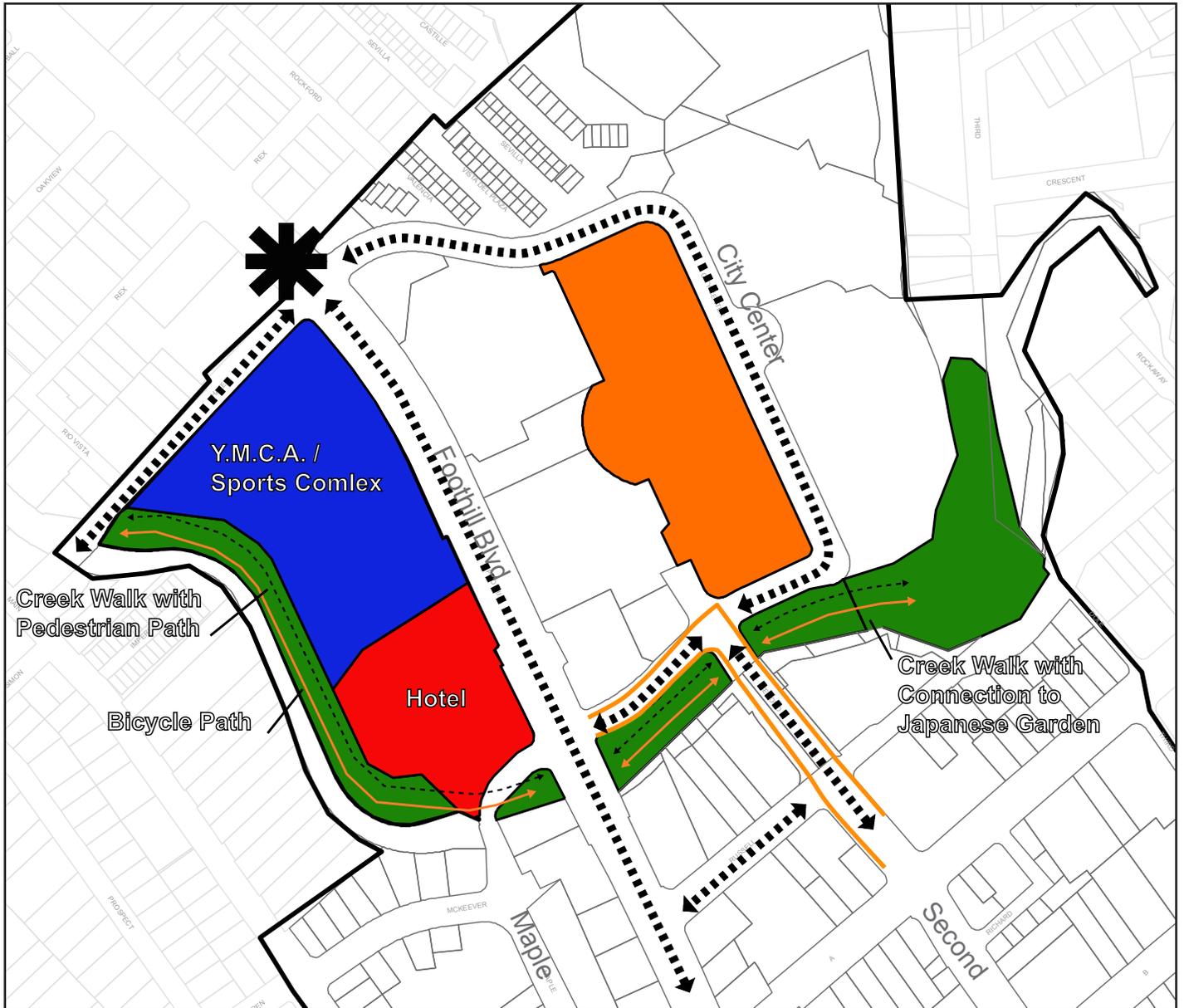
# Downtown Hayward Circulation Map



## Legend

-  Gateway
-  Creek Path
-  Blue Shuttle Line
-  Blue Shuttle Stop
-  Pedestrian Crossing
-  Green Shuttle Line (CSUEB)
-  Alternate Green Shuttle Path
-  Green Shuttle Stop
-  Complete Street
-  "The Mini-Loop"
-  5-minute (1/4 mile) Walkshed
-  10-minute (1/2 mile) Walkshed

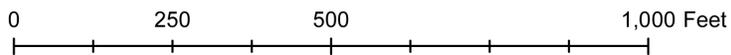
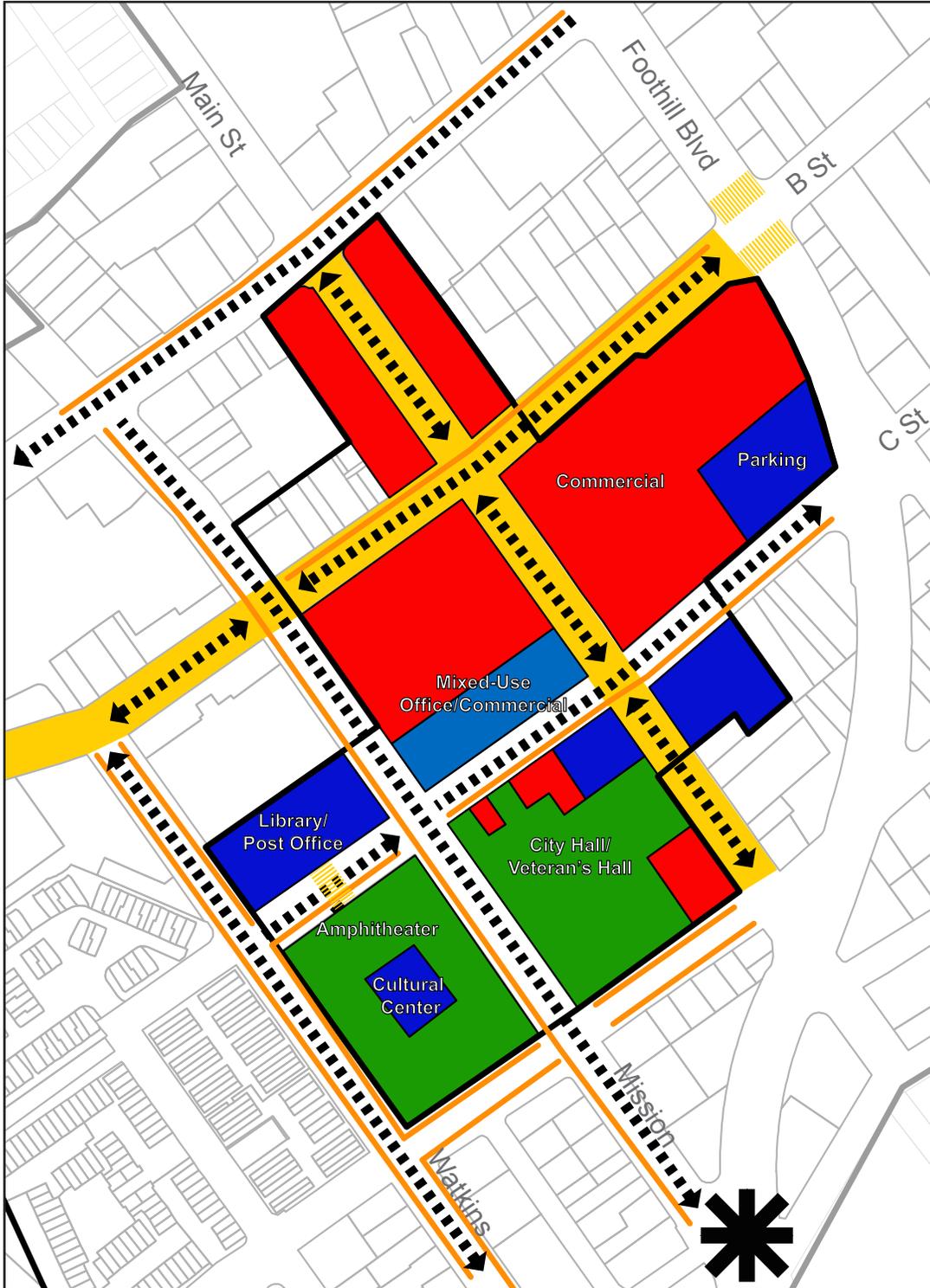
# Opportunity Area #1: City Center



## Legend

- Commercial/Retail
- High-Density Residential (65-110 du/ac)
- Public/Quasi-Public
- Open Space/Creekwalk
- Pedestrian Crossing
- Gateway
- Vehicular Traffic
- Bike Lane
- Creekwalk Path

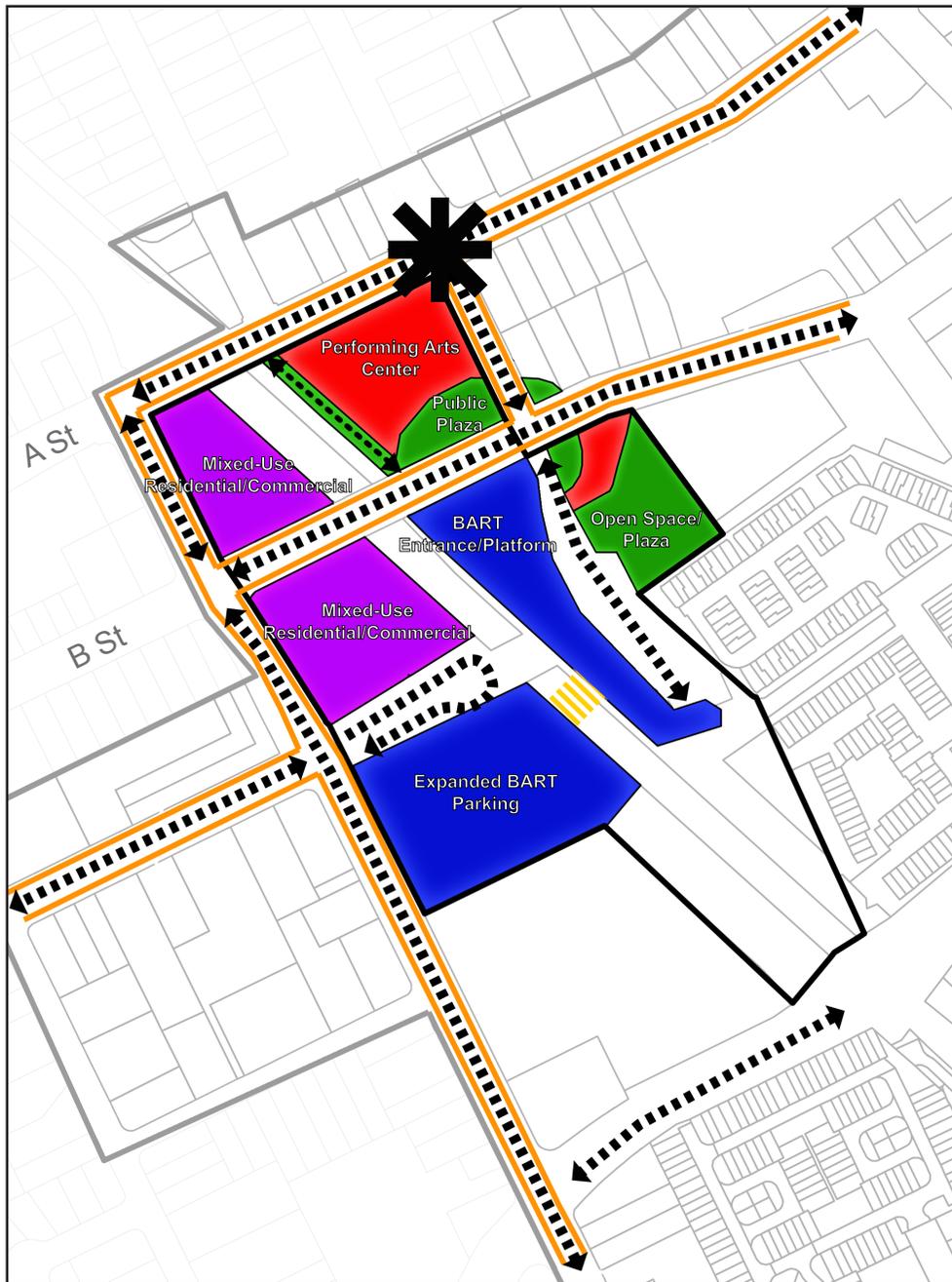
# Opportunity Site #2: B St and Main St



## Legend

- Commercial/Retail
- Public/Quasi-Public
- Open Space
- Complete Street
- Office/Commercial Mixed-Use
- Vehicular Traffic
- Bike Lane
- Pedestrian Crossing
- Gateway

# Opportunity Area #3: BART Station



0 250 500 1,000 Feet

### Legend

- Commercial/Retail
- Residential/Commercial Mixed-Use
- Public/Quasi-Public
- Open Space
- Pedestrian Crossing
- Gateway
- Vehicular Traffic
- Bike Lane



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The City Council Meeting was called to order by Mayor Sweeney at 7:00 p.m., followed by the Pledge of Allegiance led by Council Member Zermeño.

**ROLL CALL**

Present: COUNCIL MEMBERS Zermeño, Halliday, Peixoto, Salinas, Henson  
MAYOR Sweeney  
Absent: COUNCIL MEMBER Quirk

**CLOSED SESSION ANNOUNCEMENT**

Mayor Sweeney reported that the Council met regarding the City Clerk's Performance Evaluation and took no reportable action. City Attorney Lawson noted that the Council took no reportable action regarding labor negotiations and pending litigation items. In regard to labor negotiations, the Council added Chief Urban to the closed session discussion pursuant to Government Codes 54954.2 and 54954.5.

**PROCLAMATION**

Mayor Sweeney commended the world champion Hayward Fire Combat Challenge Team and introduced Fire Chief Bueno; Hayward Fire Combat Challenge Team Jeff Leonard, Tony Brown, Chris Castillo, Chris Costa, Jeff Dimick, Andrew Ghali, Brandon Quast; and Fitness Trainer Clark Bridgeman. Chief Bueno recognized the Hayward Fire Combat Challenge Team for their dedication and leadership and for earning second place at the 2011 World Championship, and to Fire Captain Jeff Leonard for becoming the 2011 Firefighter's Combat Challenge Individual World Champion. Chief Bueno introduced a video clip of highlights from the Challenge and noted that the Hayward Fire Combat Challenge also coordinated a fundraiser with proceeds benefiting the Special Olympics. Commendations were presented to team members.

**PUBLIC COMMENTS**

Ms. Wynn Grich, Industrial Parkway SW resident, spoke about a CD produced by the Center for Disease Control that was previously submitted to Council regarding the danger of vaccinations. Ms. Grich also spoke about the dangers of drinking water that contains chloramine and ammonia, and Proposition 65 and the Safe Drinking Water Act.

Mr. Charlie Peters, Main Street resident and member of the Clean Air Performance Professionals, provided a document for the record and spoke about the high cost of ethanol imported from Brazil.

Mr. Jim Drake, Franklin Avenue resident, requested answers to concerns he previously raised regarding Hayward restaurants using power washers to clean kitchen flues outdoors, and the trees on Harder Road that appeared to be dying. Mayor Sweeney noted the City Manager had addressed the concerns raised and asked the City Manager to respond in writing to Mr. Drake.

Mr. Dave Campbell, Program Director for East Bay Bicycle Coalition, announced Bike to Work Day on May 10, 2012, and encouraged City Council to participate. Mr. Campbell also invited everyone to attend the Coalition-sponsored free bike safety classes held throughout Alameda County.

Ms. Judy Harrison, President of the Friends of the Library, provided statistics about the library and spoke highly of its services and how they meet the needs of the community. Ms. Harrison thanked Library Director Reinhart and his staff for their outstanding work.

Mr. Bart Robeson, Arundel Drive resident, reiterated concerns posed by neighbors related to the Verizon cell tower at Stonebrae. Mr. Robeson noted that Fire Station 5 did not have telephone coverage and requested that the tower be relocated to a different site. Mayor Sweeney noted that staff had reviewed the noticing process that was followed for the tower and concluded that the appeal period had ended and only Verizon could reopen the matter.

## **CONSENT**

1. Approval of Minutes of the City Council Meeting on February 7, 2012

It was moved by Council Member Henson, seconded by Council Member Zermeño, and carried with Council Member Quirk absent, to approve the minutes of the City Council Meeting of February 7, 2012.

2. Grease Receiving and Processing Facility at the Water Pollution Control Facility: Approval of Plans and Specifications, and Call for Bids

Staff report submitted by Senior Utilities Engineer Clark, dated February 21, 2012, was filed.

It was moved by Council Member Henson, seconded by Council Member Zermeño, and carried with Council Member Quirk absent, to adopt the following:

Resolution 12-018, "Resolution Approving Plans and Specifications for the Grease Receiving and Processing Facility at the Water Pollution Control Facility, Project No. 7511, and Call for Bids"

3. 238 Corridor Settlement Agreement Update and Authorization for Additional Funding of Administrative Program Costs

Staff report submitted by Neighborhood Partnership Manager Bristow, dated February 21, 2012, was filed.



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It was moved by Council Member Henson, seconded by Council Member Zermeño, and carried with Council Member Quirk absent, to adopt the following:

Resolution 12-019, “A Resolution of the City Council of the City of Hayward Appropriating Funds and Authorizing the City Manager to Expend Funds for the Continued Implementation of the Settlement Agreement Related to the Route 238 Bypass Project”

4. Resignations of Nicole Reams and Elie Goldstein from the Downtown Business Improvement Area Advisory Board; and Neysy Lujan from the Hayward Youth Commission

Staff report submitted by City Clerk Lens, dated February 21, 2012, was filed.

It was moved by Council Member Henson, seconded by Council Member Zermeño, and carried with Council Member Quirk absent, to adopt the following:

Resolution 12-020, “Resolution Accepting the Written Resignation of Nicole Reams and Eli Goldstein from the Downtown Business Improvement Area Advisory Board; and Neysy Lujan from the Hayward Youth Commission”

## **LEGISLATIVE BUSINESS**

5. Approval of the Alameda County Transportation Expenditure Plan and Recommendation for the Board of Supervisors to Place an Extension and Augmentation of the Existing Transportation Sales Tax on the November 6, 2012 Ballot

Staff report submitted by Transportation Manager Frascinella, dated February 21, 2012, was filed.

Director of Public Works Fakhrai announced the report and introduced Transportation Manager Frascinella who provided a synopsis of the report. Mr. Arthur L. Dao, Executive Director of Alameda County Transportation Commission (ACTC), expressed support for the staff recommendation and addressed the 2012 Alameda County Transportation Expenditure Plan (TEP). Council Member Henson, the City’s representative to the Alameda CTC Board, strongly supported the TEP and explained the positive impact the plan would have on capital projects such as the I-880/Industrial Parkway Interchange, on local streets and roads, pedestrian and bike projects, and paratransit. Mr. Henson spoke favorably of the Youth Transit Pass program, which would be included in the draft TEP. He mentioned that a Local Shuttle program would be eligible under the Innovative Grant Fund. He added that one of the principles of development for the TEP would be a geographically equitable plan.

Mayor Sweeney thanked Council Member Henson for representing the City well.

Council Member Halliday echoed the Mayor's comments. Ms. Halliday asked for clarification on the proposed sales tax extension and augmentation. In response to Ms. Halliday's question about voter support for the proposed ballot, Mr. Dao said 79% of the 800 people polled in October 2011 expressed support. Mr. Dao confirmed for Ms. Halliday that funding from Innovative Grant, and Freight and Economic Development programs could be used to modify local street improvements.

Council Member Salinas stated that the guiding principles for the development of the TEP were logical and rational. He added that street improvements could be considered via funding from Innovative Grant, and Freight and Economic Development programs. In response to Mr. Salinas' inquiry if there had been a challenge to repeal the sales tax, Mr. Dao responded that no challenges had occurred in Alameda County. Mr. Salinas commented the TEP was a smart application of the sales tax and built upon the City's growth plans in terms of transit-oriented development.

Council Member Zermeño supported the draft TEP and noted he would be supportive of a November ballot measure. In response to Mr. Zermeño's suggestions about improved bus shelters and bicycle rental programs, Mr. Dao mentioned that funding for both suggestions were eligible under the Local Area Transportation Improvement Program and Bike and Pedestrian Program.

In response the Council Member Peixoto's inquiry about the threshold that needed to be met before placing the proposal on the November ballot, Mr. Dao indicated that at least eight cities that include a majority of the County's population, and the Alameda County Board of Supervisors, must approve the TEP for the measure to be placed on the November ballot, and the sales tax measure must pass by a 2/3 vote. In terms of voter outreach, Mr. Dao was confident the outreach efforts would be successful and described the strategic communication plan. Mr. Dao confirmed for Mr. Peixoto that the proposed TEP would create jobs and noted there was support from the building and construction trade unions.

In response to Mayor Sweeney's question about the I-880/Winton Avenue Interchange Improvements, and if there would be a positive impact to the grid lock in that area, Transportation Manager Frascinella explained the improvement plan would remedy the existing transportation congestion and conflicts for accessing and exiting for Southland Mall and the surrounding area. Mr. Dao assured Mayor Sweeney that the Bay Fair Connector capacity expansion/BART METRO project would not impact the level of service for Hayward residents.

City Manager David clarified for Council Member Halliday that when the State's temporary sales tax stopped in July 1st there was a reduction in the sales tax rate for Alameda County. She mentioned that the current rate in most Alameda County is 8.75% and the additional half percent would bring the rate to 9.25%.

Mayor Sweeney opened the public hearing at 8:13 p.m.



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Mr. Jim Drake, Franklin Avenue resident noted the noise impacts that occur from trains announcing their passing at the Harder Road underpass. He urged affected residents to contact the Mayor's office about this.

Mr. Stan Dobbs, Assistant Superintendent for the Hayward Unified School District (HUSD), shared that HUSD participated in developing models that would support the Youth Transit Pass program. Mr. Dobbs expressed support for the proposed TEP and noted it would positively affect students and open the door for them to participate in a multitude of afterschool programs.

Mayor Sweeney closed the public hearing at 8:15 p.m.

Council Member Olden Henson made a motion per staff recommendation noting the proposed TEP was well balanced. Mr. Henson noted that AC Transit would directly benefit from the Youth Transit Pass Program and was committed to meeting with HUSD and the City to develop bus routes that would benefit the students.

Council Member Peixoto seconded the motion on the floor. As the City's alternate representative to the ACTC Board, he commented on the outstanding outreach job done by Mr. Dao, and Council Member Henson's technical advice. Mr. Peixoto noted that 30% of funds allocated would go to local streets and roads in Alameda County and it would infuse existing funds that generate good paying jobs in the construction and building trades. He expressed hope that eight cities in Alameda County and the Board of Supervisor would approve the TEP for the measure to be placed on the November ballot.

Council Member Halliday supported the motion and pointed out that the information regarding the sales tax rate was valuable and could garner more support from voters. There was a friendly amendment to ensure that the education campaign clearly states information about the actual sales tax rate.

Council Member Henson and Council Member Peixoto concurred with the friendly amendment.

It was moved by Council Member Henson, seconded by Council Member Peixoto, and carried with Council Member Quirk absent, to adopt the following resolution with a friendly amendment to ensure that the education campaign clearly states information about the actual sales tax rate.

Resolution 12-021, "Resolution Approving the 2012 Alameda County Transportation Expenditure Plan and Requesting that the Alameda County Board of Supervisors Place A Measure on the November 6, 2012 Ballot for the Extension and Augmentation of Existing Sales Tax to Support the Transportation Expenditure Plan"

## 6. Council Priorities for FY 2013

Staff report submitted by City Manager David, dated February 21, 2012, was filed.

City Manager David provided a synopsis of the report.

Mayor Sweeney opened the public hearing at 8:23 p.m.

Ms. Sara Lamnin, Patrick Avenue resident, expressed appreciation for the City moving toward more solid and positive outcomes and was glad the elements of partnerships and urban farming were included in the revised Council Priorities.

Mr. Bob Goodwill, currently homeless and an advocate with Hayward Community Action Network (CAN), said CAN had been instrumental in helping individuals get back on the path to self-sufficiency. He noted that resources were few and appreciated the “Green (sustainable)” priority to “Continue efforts to eliminate long-term homelessness in Hayward and to identify housing for individuals when and where appropriate.” Mr. Goodwill requested Council review the “Safe” priority related to homeless encampments and expressed that camp abatement efforts that work to get individuals into housing could help the safety and security of everyone, and that he supported continuing the City’s three-day notice policy prior to the abatement of camps.

Mayor Sweeney closed the public hearing at 8:25 p.m.

In response to Council Member Henson’s question about the Project Labor Agreement (PLA) not being included in the FY 2013 Council Priorities, City Manager David responded that staff began discussions with interest groups and anticipated the PLA to be completed during FY 2012.

Mayor Sweeney noted that during past discussions there was Council consensus to make “reducing residential burglary” a priority and mentioned that this was not included in the proposed FY 2013 Council Priorities. In regards to the gang injunction program, under “Safe,” he preferred the original language that was contained in the FY 2012 Council Priorities. Mayor Sweeney agreed with the “enhance curfew and truancy enforcement” language under “Improve safety of school campuses and routes to/from schools.” Mayor Sweeney preferred that the language, “improve the ambiance of and shopping experience... in Downtown and in malls and centers,” be more descriptive and accurate of unacceptable behaviors that need to stop.

Council Member Henson concurred with Mayor Sweeney that the gang injunction language of FY 2012 Council Priorities was preferred: “develop and implement an improved gang enforcement strategy, including a gang injunction program.”

Council Member Salinas indicated support for the amendments to the Council Priorities and suggested setting a goal of attaining three new businesses to downtown under the “Economic Development” area. City Manager David suggested that a performance metric could be used to set a goal of three new businesses in downtown for the Economic Development Program. Mr. Salinas commented that Council Priorities have been clear and concise and concurred with Ms. Lamnin



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regarding the element of collaboration among various groups and agencies in implementing the priorities.

Council Member Zermeño suggested the inclusion of “panhandling” as it relates to reducing the negative impact and unacceptable behavior, under the “Safe” priority. Mr. Zermeño favored the goal of establishing three new businesses, not only in downtown, but also in other areas of Hayward.

Council Member Peixoto was amenable with amendments to the FY 2013 Council Priorities, but concurred with Mayor Sweeney that the language for the gang injunction should revert back to the original language in the FY 2012 Council Priorities. Mr. Peixoto said he looked forward to the prompt implementation of the gang injunction program and of other priorities.

Council Member Halliday agreed with the proposed gang injunction language “for use as appropriate,” but did not object to the original FY 2012 Council Priorities language. Ms. Halliday suggested retaining the “improve the ambiance...” language and adding “reduce unacceptable social behavior that detracts from the ambiance.” Ms. Halliday favored the language for “Promise Neighborhood grant...” and agreed with the amended “Housing Element” language. It was noted that staff would present the FY 2012 accomplishments during the budget process.

Mayor Sweeney offered a motion directing staff to revise the FY 2013 Council Priorities per the following recommendations and bring them back for Council’s consideration. Mayor Sweeney suggested retaining the language “Improve the ambiance of, and shopping experience in, all major retail areas, particularly Downtown and in malls and centers,” and adding “reduce negative impact and unacceptable social behavior, including panhandling, of various...” In terms of the gang injunction language, he preferred maintaining the language contained in the FY 2012 Council Priorities. Mayor Sweeney recommended that the language related to “Promise Neighborhood grant” and “high quality educational opportunities” be moved under “Fiscal Stability” to integrate them with the language related to academic performance and schools. He did not think the Housing Element fit as a priority as it was a State requirement. Mayor Sweeney suggested directing staff to develop metrics to measure improvement in business and economic development.

Council Member Peixoto seconded the motion.

Council Member Salinas referred to the gang injunction program and suggested modifying the language by including the phrase “based on legally defensible rational.” Discussion ensued.

Council Member Halliday confirmed that the motion included inclusion of language related to “reducing residential burglary,” and concurred with the amendments offered in the motion.

Council Member Henson concurred with the motion and noted that the Council had the ability to modify priorities.

Council Member Salinas offered an amendment to the motion related to the gang injunction language by adding the language, “including a clear and legally defensible gang injunction.”

Council Member Halliday seconded the amendment to the motion.

It was moved by Council Member Salinas, seconded by Council Member Halliday, and failed 3:3:1 with the following vote, to amend the motion related to the gang injunction by adding, “including a clear and legally defensible gang injunction.”

AYES:	Council Members Zermeño, Halliday, Salinas
NOES:	Council Members Peixoto, Henson Mayor Sweeney
ABSENT:	Council Member Quirk

Mayor Sweeney reiterated his original motion.

It was moved by Mayor Sweeney, seconded by Council Member Peixoto, and carried with Council Member Quirk absent, to direct staff to revise the FY 2013 Council Priorities per the outlined recommendations and bring them back for Council’s consideration.

## **COUNCIL REPORTS, REFERRALS, AND FUTURE AGENDA ITEMS**

Council Member Zermeño announced the Keep Hayward Clean and Green Task Force Clean-Up and Graffiti Removal event on February 25, 2012, in the Tyrrell-Glassbrook neighborhood.

Council Member Salinas reported that students from the Stonebrae Elementary School Mandarin Emerging Program were outstanding in their participation in the San Francisco New Year Parade on February 11, 2012. Mr. Salinas also announced that Hayward would be hosting a Hayward Honors Women event on March 8, 2012, and a Cesar Chavez Teach-In Celebration on March 29, 2012, at City Hall. He also welcomed two new families to the Southgate neighborhood.

## **ADJOURNMENT**

Mayor Sweeney adjourned the meeting at 9:09 p.m., in memory of Herman Milan and Elmer Orella.

Herman Milan was born on the island of Hawaii and was a longtime resident of Hayward who was active and committed to the community. Mayor Sweeney asked staff to work with Mr. Milan’s family to find a suitable location to plant a tree in his memory.

Elmer Orella was born in Hayward and was raised on his Portuguese family’s farm “Hungrytown,” graduated from the old Hayward High in 1939, served in the US Army, and married his high school sweetheart, Fern Schilling. He was a star left-handed pitcher for the Farmers and signed a pro baseball contract with the San Francisco Seals and played with them until 1946. He also coached local Babe Ruth and Connie Mack teams for many years. He owned two gasoline stations in Hayward and had a successful career in sales. Mayor Sweeney asked staff to work with Mr. Orella’s family to find an appropriate location to plant a tree in his memory.



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**APPROVED:**

\_\_\_\_\_  
Michael Sweeney, Mayor, City of Hayward

**ATTEST:**

\_\_\_\_\_  
Miriam Lens, City Clerk, City of Hayward

**DATE:** March 6, 2012

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT:** Adoption of a Resolution to approve Hayward Association of Management Employees Memorandum of Understanding and Adoption of a Salary and Benefits Resolution for the Unrepresented Management, Human Resources, and City Attorney Employees

**RECOMMENDATION**

That the City Council adopts the attached Resolution approving a new three-year Memorandum of Understanding (MOU), which includes implementation of on-going structural changes, with the Hayward Association of Management Employees (“HAME”) and;

That the City Council approves a salary and benefits resolution, which includes implementation of on-going structural changes, for the Unrepresented Management, Human Resources, and City Attorney Employees (“Unrepresented Employees”).

**BACKGROUND**

The City of Hayward is facing a projected \$14.9 million shortfall in the General Fund for FY 2013, which will grow to \$19 million in FY 2014 if no changes are made. The City will also have an average deficit of \$20 - \$30 million annually over the next ten years if the City does not implement on-going structural change. A slow recovery from a national economic recession continues to impact the City’s revenues significantly. In addition, the rising cost of employee retirement and health and welfare benefits is compounding the City’s financial problems, as the incremental increases of these costs currently far exceed any potential revenue increases.

Employee costs comprise 80% of the General Fund budget. Therefore, reduction of personnel expenditures is necessary to match the increasing costs and modest recovery of revenues, and to produce a balanced operating budget; and it is imperative that the City take whatever measures necessary to preserve a level of service provided to the citizens of Hayward.

Over the past several months, the City has been participating in discussions with all bargaining units to achieve an overall savings in salaries and benefits of approximately \$9.2 million<sup>1</sup> in FY 13 and \$14.7 million in FY 14, with the caveat that any savings achieved would be in the form of on-going structural changes. The savings sought from employee groups totals 17%<sup>2</sup>. The savings requested applies to all employees, regardless of whether the employee's position is funded by the General Fund and/or a designed fund (e.g., Enterprise funds, Internal Service Funds, etc.).

One of the many options provided by the City to reach the savings target was for groups to consider opening contracts prior to the current contract expiration dates to provide an opportunity for phasing in changes over a longer period of time, as well as addressing the need for improved operational efficiency and administrative changes. Discussions about wage and benefit savings with the bargaining groups has largely included:

1. Foregoing cost of living wage adjustments during the term of the agreement;
2. Increasing employee contributions towards pension benefits;
3. Requiring an employee contribution towards the cost of retiree healthcare benefits;
4. Increasing employee contributions towards health and welfare benefits (e.g., medical, dental and vision monthly premiums);
5. Addressing needed reform in the City's self-funded Worker's Compensation Liability Program;
6. Containing costs related to paid leaves; and
7. Providing a mechanism to continue bargaining related to pension reform and other post-employment benefits (OPEB) at any time over the next three years.

## **DISCUSSION**

### **A. HAME Unit**

The HAME group agreed to begin open contract negotiations eighteen months earlier than the current contract expiration date of June 30, 2013. City negotiators and members of HAME met from October 2011 through February 2012 to jointly negotiate wages, hours, benefits, and other terms and conditions of employment. Through these negotiations, the parties have reached a tentative agreement that provides for on-going structural changes to employee benefit programs. The tentative agreement meets the 17% savings target identified by the City, phased in over a period of three fiscal years. On February 23, 2012, HAME members ratified the proposed contract.

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<sup>1</sup> This is in addition to the \$3.17M committed and accounted for as savings in the FY 13 projections from Firefighters Local 1909, Fire Management and Fire Chiefs, \$300K from Unrepresented Employees, \$170K from HAME, \$82K from Police Management, and \$53K from Council Appointed Officers.

<sup>2</sup> The 17% is calculated based on wages and all benefits impacted by wage amounts including PERS (employer contributions), Medicare taxes, and life and disability

The following table summarizes the changes made to salaries and benefits for employees in the HAME unit:

**Table 1: Summary of Structural and On-going Changes – HAME Unit**

<b><u>Already Committed Structural and On-going Change FY 2012</u></b>	<b><u>New Structural and On-going Change FY 2013</u></b>	<b><u>New Structural and On-going Change FY 2014</u></b>	<b><u>New Structural and On-going Change FY 2015</u></b>
1. Employees contribute additional 2.78% employee share of PERS for a total of 3.78%.	1. All of FY 2012 changes; 2. Employees contribute additional 4.22 % of employee share of PERS for a total of 8%; 3. Elimination of the City contribution to deferred comp plan; and 4. No cost of living adjustment.	1. All of FY 2012 and FY 2013 changes; 2. Employees contribute 20% towards Dental premiums; 3. Employees contribute 50% towards Vision premiums; and 4. No cost of living adjustment.	1. All of FY 2012 , FY 2013 and FY 2014 changes; 2. Employees contribute 10% towards medical premiums; 3. Employees contribute \$52/pay period towards OPEB trust for Retiree Healthcare Benefits; and 4. No cost of living adjustment.

In addition to the above described changes, there are three changes made to the HAME MOU that will provide immediate or long-term fiscal savings:

1. Recalibration of the salary tables. This recalibration corrected an administrative error that occurred during application of past equity adjustments. The recalibration will provide for proper administration of the Salary Plan and increased administrative efficiencies in preparation for the implementation of a new financial system.
2. Elimination of City subsidized salary continuation for work related disability. Pursuant to the State Worker’s Compensation Disability Act, disability wages are paid during the employee’s period of disability in the amount of 66.66% of salary not to exceed a maximum benefit level. Under the current HAME MOU, the City pays above the State benefit level to ensure 100% salary coverage for up to one (1) year. With the approved changes in the MOU, in lieu of receiving a subsidy from the City to ensure 100% salary coverage, employees will be allowed to use accrued leave and coordinate such leave with the worker’s compensation disability payments that total 66.66% of salary, in an amount not to exceed their current salary. Once leave balances are exhausted, the employee will continue to receive only those benefits provided pursuant to State law.
3. Elimination of sick leave cash out for new hires and implementation of a benefit cap on current employees. The HAME MOU provides that qualified employees may cash-out sick leave upon separation from City employment according to a specific formula. The terms of this program have been renegotiated to provide for: (1) a cap on the number of sick leave hours that can be cashed out by current employees; and (2) elimination of this benefit for

new hires. In exchange, the cash out multiplier for current employees who have more than 65% of accrued sick leave balances over the course of employment and who retire with twenty-five or more years of service was increased from 1% to 1.15%. Although the City may potentially provide a slightly higher benefit for current employees, the long-term savings achieved through elimination of this benefit for future hires far exceeds any potential increase. In addition, the implementation of a cap as to current employees serves to provide cost-containment associated with this benefit.

**B. Unrepresented Employees Unit**

The City Council approves the Unrepresented Employees’ wages and benefits each year by resolution, and these are subject to change at the pleasure of the Council. City negotiators also met with members of the Unrepresented Employees in an informal setting to give and receive feedback on proposed changes.

The following table summarizes the changes made to salaries and benefits for employees in the Unrepresented Employee unit:

**Table 2: Summary of Structural and On-going Changes – Unrepresented Employee Unit**

<b><u>Already Committed Structural and On-going Change FY 2012</u></b>	<b><u>New Structural and On-going Change FY 2013</u></b>	<b><u>New Structural and On-going Change FY 2014</u></b>	<b><u>New Structural and On-going Change FY 2015</u></b>
<ol style="list-style-type: none"> <li>1. Employees to contribute 8% employee share of PERS</li> <li>2. Elimination of City contribution to deferred comp plan</li> <li>3. Employees contribute 10% towards medical premiums.</li> </ol>	<ol style="list-style-type: none"> <li>1. All of FY 2012 changes; and</li> <li>2. No cost of living adjustment.</li> </ol>	<ol style="list-style-type: none"> <li>1. All of FY 2012 and FY 2013 changes;</li> <li>2. Employees contribute 20% towards Dental premiums;</li> <li>3. Employees contribute 50% towards Vision premiums; and</li> <li>4. No cost of living adjustment.</li> </ol>	<ol style="list-style-type: none"> <li>1. All of FY 2012, FY 2013 and FY 2014 changes;</li> <li>2. Employees contribute 20% towards medical premiums; and</li> <li>3. No cost of living adjustment.</li> </ol>

In addition to the above described changes, the City has also recalibrated the salary schedule contained in the Unrepresented Employee Resolution and made changes to the sick leave cash-out provision that mirrors the language contained in the HAME MOU. The changes to the administration of industrial disability leaves were made previously for the Unrepresented Employees in FY 2012.

**C. One-time Incentives**

The on-going, structural changes agreed upon are significant in nature and the City recognizes the commitment of employees in HAME and the Unrepresented Employees for stepping forward with a plan to achieve the necessary targets. When reviewing the employees’ request for incentives, it

was recognized by both parties that any incentives would need to be one-time in nature and have minimal, if any, impact on the baseline operating budget in any given year. As part of the parties' discussions, the following three incentives were identified as satisfying these requirements:

1. One-time Vacation Cash-Out Allowance – As part of ratification and/or approval of the attached Memorandum of Understanding and Resolution, each member of HAME and all Unrepresented Employees will have a one-time opportunity to cash-out forty hours of accrued vacation. The cash-out must be completed by December 31, 2012, or the opportunity to cash-out vacation will be forfeited. There is no increase to current vacation accrual schedules or individual leave balances as a result of this action. Additionally, the cash-out incentive is a mechanism to address the City's unfunded vacation leave liability. This cost is not directly budgeted as a line-item in the budget and will be absorbed through the department's operating budget through other budget savings.
2. Management Leave Cash-Out – Currently, all members of HAME and the Unrepresented Employees are eligible to receive up to eighty hours of paid administrative leave per calendar year, which is generally provided because work assignments for these employees often impose irregular hours and time expenditures far in excess of the conventional forty hour work week. These employees are overtime exempt and therefore do not receive any additional compensation for hours worked in excess of forty hours in a work week. There is no proposed increase to the current benefit level.

The new MOU and Resolution provide a cash out provision for all employees represented by HAME and all exempt Unrepresented Employees who are not Department Directors, in the amount of thirty hours. The Department Directors and Council Appointed Officers have the ability currently to cash out up to forty hours of their administrative leave each year. The benefit for Department Directors and Council Appointed Officers remains unchanged.

For members of HAME, the cash out provision for administrative leave will be phased in during the last two years of the contract term. For the Unrepresented Employees, it is effective upon adoption of the attached resolution. The difference in administration between the two units is based on the fact that the Unrepresented Employees hit the full 13% savings target requested by the City in FY 2012. An important element of achieving the FY 2012 target was increasing the cost sharing of medical premiums, which has been on-going and occurred for all Unrepresented Employees three years prior to the HAME agreement. As currently accommodated for the City's Department Directors, the cost of this benefit is not directly budgeted as a line-item in the budget and is absorbed through the department's operating budget through other budget savings.

3. One-Time Incentive Payment – A large part of the discussions with employees related to closing the structural deficit focused on a concern that employees making significant structural changes in benefits will forego cost of living adjustments for several years, with the possibility that the City could realize better collection of revenues than currently projected. The City recognizes the concerns of employees, and realizes the importance of achieving fiscal sustainability with preservation of services to the community as a top priority.

To that end, the parties have agreed to a one-time financial incentive that may be paid in FY 2015 if, and only if, certain key financial indicators are met. This one-time cash payment, linked to the Consumer Price Index as reported in February 2015, up to a maximum of two percent of base pay, will be made to employees in good standing and who were employed prior to April 1, 2012, if all of the following financial indicators are met:

- A. The General Fund Reserve cash balance is not less than twenty percent of gross General Fund expenditures;
- B. A continuing trend of increases in property and sales tax revenue, with a minimum growth of nine percent from FY 2011 to FY 2014 (the City would need to receive \$3.2 million more in property and sales tax revenue than currently projected in the 10-year plan); and
- C. FY 2015 and FY 2016 do not require any economically forced lay-offs.

This one-time payment is not eligible to be reported as compensation for pension purposes. The Department Directors and Council Appointed Officers are not eligible for the one-time payment. The approximate cost of the one-time payment to both HAME and eligible Unrepresented Employees would be \$130,000 payable before the end of FY 2015 if the applicable financial indicators are met.

**FISCAL IMPACT**

The employee savings from HAME and Unrepresented Employees represent an estimated total of \$4 million in General Fund savings over three fiscal years: FY 2013, FY 2014 and FY 2015, as detailed in Table 3 below.

**Table 3: Summary of Estimated General Fund Impact as a Result of Employee Savings**

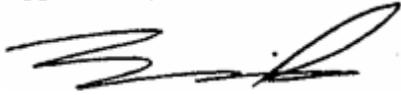
**(\$ in 1000's)**

	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>	<b>Total Savings</b>
Projected Beginning Annual Deficit (General Fund)	(\$14,981)	(\$19,012)	(\$20,688)	
HAME Savings	\$627	\$787	\$1,062	\$2,476
UNREP Savings	\$405	\$492	\$621	\$1,518
Net Ending Annual Shortfall (General Fund)	(\$13,949)	(\$17,733)	(\$19,005)	

In addition to the General Fund savings, an estimated \$2 million, in savings will be realized in all other City operating funds as a result of agreements with HAME and Unrepresented Employees for a total savings of approximately \$6 million over three years.

*Prepared and Recommended by:* Frances M. Robustelli, Human Resources Director

Approved by:



---

Fran David, City Manager

Attachments:

- Attachment I: Resolution approving a new three-year Memorandum of Understanding (MOU), with the Hayward Association of Management Employees (“HAME”)  
Exhibit I: Memorandum of Understanding
- Attachment II: Resolution for Salaries and Benefits for the Unrepresented Management, Human Resources and City Attorney Employees  
Exhibit I: Salary and Benefits Resolution

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member \_\_\_\_\_

RESOLUTION APPROVING A THREE YEAR MEMORANDUM OF UNDERSTANDING FOR THE HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES

WHEREAS, the Hayward Association of Management Employees and its members (collectively, "HAME") are covered by a Memorandum of Understanding ("MOU") that will not otherwise expire until June 30, 2013; and

WHEREAS, the City of Hayward is facing a projected General Fund deficit of \$14.9 million for FY 2013, which is projected to grow to \$19 million in FY 2014 if no changes are made; and

WHEREAS, the City requested employees consider changes to wage and benefit packages that would result in a 17% reduction in personnel costs; and,

WHEREAS, HAME recognizes the fiscal challenges that the City is facing and the essential need for ongoing and structural change to employee salaries and benefits and therefore agreed to open negotiations for a successor MOU eighteen months early; and

WHEREAS, the City and HAME have reached a tentative agreement on the terms of a successor MOU that would replace the MOU that expires on June 30, 2013 and meets the 17% savings target identified by the City, phased in over a period of three fiscal years; and

WHEREAS, the tentative agreement also addresses administrative changes which include legal updates and changes which provide immediate or long-term fiscal savings; and

WHEREAS, the membership of HAME ratified the agreement as of February 27, 2012; and

WHEREAS, the proposed changes will save the City's General Fund approximately \$2.5 million over a three year period.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby approves the Memorandum of Understanding between it and HAME for the period of April 1, 2012 through June 30, 2015, a copy of which is attached as Exhibit 1.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

# Memorandum of Understanding

---

*between*

**CITY OF HAYWARD**

*and*

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

**April 1, 2012 through June 30, 2015**

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**MEMORANDUM OF UNDERSTANDING**

*between*

**CITY OF HAYWARD**

*and*

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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On the date hereinafter subscribed, authorized representatives of the City of Hayward, herein called "City" and authorized representatives of the Hayward Association of Management Employees, herein called the "Association" made and entered into this Memorandum of Understanding. It is understood and agreed that this Memorandum of Understanding supersedes and replaces the Memorandum of Understanding effective July 1, 2007 through June 30, 2013 by and between the City of Hayward and the Hayward Association of Management. It is further understood and agreed that this Memorandum of Understanding supersedes and replaces all prior side letters and agreements between the parties with the exception of the VEBA and FY 2011-2012 Furlough agreements. Unless expressly incorporated into this Memorandum of Understanding, all prior side letters and agreements between the parties are deemed expired upon the effective date of this Memorandum of Understanding.

This Memorandum of Understanding is subject to all applicable laws, State laws and the Charter of the City of Hayward; and all ordinances, resolutions, Administrative Rules and Personnel Rules of the City except as expressly provided to the contrary by this Memorandum of Understanding. The terms and conditions of this Memorandum of Understanding shall not apply to those persons employed by the City in a temporary or provisional status as defined in the City of Hayward Personnel Rules.

**1.00 RECOGNITION AND COMPOSITION**

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**1.01 Recognition**

The City recognizes the employee classifications subject to this Memorandum of Understanding and represented by the Hayward Association of Management Employees as being comprised of the classifications of employment listed in Appendix A to this Memorandum of Understanding and any other classification of employment which may hereafter be assigned by the City Manager or designee in accordance with the provisions of the City of Hayward Personnel Rules governing unit determination and modification.

**1.02 No Discrimination**

To the extent prohibited by applicable state and federal law, there shall be no discrimination because of protected Association activities against any employee or applicant for employment by the Association or by the City or by

anyone employed by the City. Protected Association activities for the purposes of this section are defined as those labor relations related activities permitted in accordance with applicable state laws, local ordinances, rules and the Memorandum of Understanding.

### **1.03 Dues Deductions**

The City agrees to deduct one month's current and periodic Association dues from the pay of each employee who has heretofore or shall hereafter voluntarily execute and deliver to the City the payroll deduction authorization provided by the City for this purpose.

Any employee who elects to be a member of the Association and has a personal or moral objection to financially supporting public employee organization may execute a payroll deduction authorization and thereby pay sums equal to the standard association dues each month to one of the following: Sunshine Fund – Hayward Animal Shelter Volunteers or Friends of the Hayward Public Library.

The parties hereto recognize that membership in the Association is not compulsory, that employees have the right to join, not join, maintain, or drop their membership in the Association, and neither party shall exert any pressure on nor discriminate against an employee regarding such matters. The Association agrees it is obligated to represent all of the employees in the Unit fairly and equally, without regard to whether or not an employee is a member of the Association.

Employees may not revoke this authorization during the term of this Memorandum of Understanding; provided, however, that during the thirty (30) day period from December 1 through December 31 inclusive, employees may revoke their payroll deduction authorization and withdraw from membership in the Association.

The Association shall indemnify, defend, and hold the City of Hayward harmless against any claims made, and against any suit instituted against the City of Hayward on account of deduction of employee organization dues. In addition, the Association shall refund to the City of Hayward any amount paid to it in error upon representation of supporting evidence.

### **1.04 Communicating with Employees**

The Association shall be allowed to use designated portions of bulletin boards, electronic media or display areas in public sections of City buildings or in public portions of offices in which there are employees represented by the Association, provided the communications displayed relate to official organization business, such as times and places of meetings and further provided that the Association appropriately posts and removes the information.

## **1.05 Use of City Buildings**

The Association shall be allowed the use of areas normally used for meeting purposes for meetings of City employees when:

1. Such space is available and its use by the Association is scheduled at least twenty-four (24) hours in advance;
2. Such use of the available space does not interfere with normal City operations;
3. The meetings are on matters within the scope of representation.

## **1.06 Advance Notice**

The City shall, except in cases of emergency, give the Association reasonable written notice of any ordinance, rule, resolution, or regulation directly relating to matters within the scope of representation proposed to be adopted by the City, and shall give the Association the opportunity to meet with City representatives.

## **1.07 Management Rights**

The City has exclusive and inherent management rights with respect to matters of policy, which include among others: the exclusive right to determine the mission of the City; to set standards of service; to determine the procedures and standards for selection for employment; to direct its employees, including scheduling and assigning work, work hours and overtime; to take disciplinary action, subject to the requirements of applicable law; to establish employee performance standards and to require compliance therewith; to relieve its employees from duty because of lack of work, funds or other legitimate reasons; to maintain the efficiency of City operations; to determine the methods, means and the number and kinds of personnel by which City operations are to be conducted; to take all necessary actions to carry out its mission in emergencies; and to exercise complete control and discretion over its organization and the technology of performing its work; to determine the content of job classifications; to implement rules, regulations and directives consistent with the law and the specific provisions of this MOU. The City's exercise of the above listed rights shall be in accordance with law and the specific provisions of this MOU, including the provision regarding Advance Notice when applicable.

## **2.00 PROBATIONARY PERIOD**

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### **2.01 Appointments Subject to Probationary Period**

All employees who are identified in Appendix A as being members of the classified service shall serve a probationary period as provided in this Section. The probationary period shall be regarded as a part of the selection process and shall be utilized for closely observing the employee's work and

for securing the most effective adjustment of a new employee to his or her position.

All appointments (other than temporary and provisional appointments) to full-time positions in the classified service, and appointments to part-time positions regularly scheduled to work twenty (20) or more hours per week, shall be subject to a probationary period. The regular period of probation shall be six (6) months, but longer periods may be specified in individual classification descriptions and shall apply to all positions in the classification. Extension of probationary periods up to a maximum of six (6) months may be approved by the City Manager or designee in individual cases.

An employee promoted to a higher position who, at the time of promotion, is serving in such position in acting or provisional status may have up to six (6) months of consecutive time served in acting or provisional capacity credited towards satisfaction of the probationary period for the promotional position. Actual time credited shall be determined by the City Manager or designee.

## **2.02 Release of Probationer**

During the probationary period an employee in the classified service may be released at any time without right of appeal. Written notice of release designating the effective date of such action shall be furnished to the probationer. Persons employed in part-time positions scheduled for less than twenty (20) hours per week are excluded from the classified service and may be released at any time without right or appeal.

## **2.03 Release Following Promotion**

Any employee in the classified service may be released during the probationary period following promotion to another position in the classified service. The employee released shall be reinstated to his or her former position or to a position in the class from which he or she was promoted, unless the reason for the release is cause for dismissal. The employee will be reinstated to the salary step held before the promotion. If no vacancy exists in this former class, the employee with the least amount of time in this class shall be demoted to the most recent class in which he or she has satisfactorily served. If any employee is released by such action the employee shall be placed on a reemployment register for the classification from which released.

Any employee who is released during a probationary period following promotion to another position in the classified service and whose release is cause for dismissal shall retain appeal rights to dismissal from City employment but not the right to appeal his or her release from the position from which demoted.

## **2.04 Effective Date of Regular Status**

Upon attaining regular status as a full-time employee or as a regular part-time employee, the effective date shall revert to the date of initial probationary appointment.

### 3.00 LAYOFFS AND RESIGNATIONS

---

#### 3.01 Layoffs

Whenever there is a lack of work or a lack of funds requiring reduction in personnel in a department or division of the City Government, the required layoffs shall be made up in such job classification(s) set forth in the Classification Plan of the City of Hayward as the City Manager or designee may designate in accordance with the following procedures:

- A. Employees shall be laid off in inverse order of their length of service within the affected job classification.
  1. Length of service for the purpose of this Section 3.01 shall mean an employee's continuous uninterrupted service within a classification from the effective date of appointment as a probationary or part-time employee in that classification.
  2. An interruption in length of service within a classification shall occur as a result of any one of the following:
    - a. Discharge for cause.
    - b. Voluntary resignation
    - c. Retirement for service or disability
    - d. Absence from work for twenty-four (24) consecutive months because of layoff
    - e. Failure to return from layoff as provided in Section 3.02.
    - f. Failure to return from an approved leave of absence upon the date specified for return at the time said approval was granted.

Provisional and acting appointments to a classification shall not be construed as service in such classification unless such provisional or acting appointment was contiguous with appointment to such classification in a probationary or part-time status.

3. Whenever the effective date of appointment to a classification is the same or two (2) or more employees, the original date of hire as a probationary or part-time employee with the City shall be used to determine which employee has greater length of service within the classification. The employee with the earlier original date of hire with the City shall be considered to have the greater length of service within the classification in this situation.
4. Whenever the effective date of appointment to a classification and the original date of hire as a probationary or part-time

employee with the City is the same for two (2) or more employees, the employee's position on the eligibility list for the classification shall be used to determine which employee has greater length of service within the classification. The employee with the higher ranking on the eligibility list in the classification shall be considered to have the greater length of service within the classification in this situation.

- B. Within each affected job classification all provisional employees shall be laid off before probationary employees and regular employees provided, however, that part-time employees whose length of service is less than any probationary or regular employee shall be laid off before such probationary or regular employee. Thereafter, if additional reductions in personnel are required, those employees with the least length of service within the affected classification shall be laid off.
- C. As an alternative to layoff, an employee with regular, probationary or part-time status who is displaced from his or her classification in accordance with the procedures provided in paragraphs (A) and (B) of this section shall be allowed to bump to a classification at the same salary level or to a classification at a lower salary level provided the classification to which he or she bumps is one in which employee has previously served in a regular, probationary, or part-time status and where the original date of appointment to said classification, as defined in Section 2.04, predates that of at least one (1) employee presently serving therein.

As an exception to the foregoing, an employee may bump into a classification in which he or she has previously served and where employee's original date of appointment to that classification predates that of at least one (1) employee presently serving therein and where said classification carries a higher salary therein and where said classification resulted solely from the application of an equity salary adjustment.

- 1. Bumping rights afforded an employee pursuant to this section shall include access to those classifications in which the employee previously served but which may since have been re-titled but where, as determined by the City Manager or designee, no substantive changes have been made in the duties or qualifications for the classification(s) in question. Such determination shall be subject to the dispute resolution procedure of this MOU.
- 2. Prior to employees being laid off the Human Resources Department shall furnish to affected employees and the Association upon request the status registers for all affected classifications within the representation unit. Said lists shall include the names of all present employees who have held these classifications and their appointment dates thereto.

3. An employee eligible to bump into another classification pursuant to this paragraph (C) shall have five (5) calendar days after notice of assignment by the City Manager or designee to a position in that classification in which to accept such assignment. If the affected employee fails to accept such assignment within said five (5) calendar day period, employee shall be laid off. An employee so assigned shall be placed at a salary step in the range for the classification to which he or she bumps which is closest to the employee's former rate of pay but which does not exceed the salary step held by the employee in the classification from which displaced.
  4. In the event an employee bumps to an occupied or vacant position that is "flexibly" staffed as reflected in the Positions and Salaries Resolution, assignment to said position shall be at the level at which the position was staffed at the time of layoff.
- D. Employees scheduled for layoff and the Association will be given at least two (2) weeks advance notice. The City shall attempt, insofar as is possible, to accomplish any contemplated reduction in personnel by attrition rather than by layoff.
  - E. In the event employees are scheduled to be laid off, other employees with greater length of service within the same classification may elect to be laid off in lieu of those employees scheduled for such layoff.
  - F. Employees laid off shall be placed on a reemployment register for the period of two (2) years for the classification held at the time of layoff.

### **3.02 Layoffs Due to Contracting of Work**

An employee placed on lay off as a result of the abolition of their position because of contracting of work may elect to receive severance pay in lieu of the right of placement on a reemployment register pursuant to Section 3.01 above. Severance pay shall be calculated on the basis of employee's regular straight time hourly rate at the time of layoff and shall be paid on accordance with the following schedule:

- A. Forty (40) hours pay for employees who have completed one (1) or more, but less than five (5) continuous years of service with the City.
- B. Eighty (80) hours pay for employees who have completed five (5) or more, but less than eight (8) years of continuous service with the City.
- C. One hundred twenty (120) hours of pay for those employees who have completed eight (8) or more but less than twelve (12) continuous years with the City.

- D. One hundred sixty (160) hours of pay for those employees who have completed twelve (12) or more years of continuous service with the City.
- E. Severance pay for part-time employees shall be proportionate to full-time entitlement.

Severance pay provided herein shall be paid in a lump sum, and shall not be counted as time worked for the purpose of qualifying for employment benefits otherwise provided employees in an active employment status. Additionally, if employee is laid off and subsequently employed by "contractor," within one (1) year of the layoff, the employee shall not be entitled to severance pay.

### **3.03 Rights of Return Following a Layoff**

As position vacancies occur, employees on layoff and those occupying positions to which they have bumped shall be afforded return rights in the order of their length of service in the classification(s) in which such vacancies occur.

- A. An employee shall have ten (10) calendar days from the mailing by certified mail of a notice of return to work to his or her address of record on file in the Human Resources Department to indicate acceptance of such return and his or her agreement to report for work as specified in the notice.
- B. Employees in layoff status shall retain all credited sick leave earned but unused at the time of layoff. An employee on layoff shall not earn vacation leave credit while in layoff status. Upon an employee's return from layoff employee shall begin to accrue based upon continuous uninterrupted service with the City including time spent in layoff status. Use of vacation leave so credited shall be subject to the provisions of this MOU.
- C. Employees who are displaced from their classifications by virtue of layoff shall be placed on a reemployment register for the classification they held at the time the layoff occurred, hereinafter referred to as the "primary" register. They shall also be placed on reemployment registers for classifications previously served in, hereinafter referred to as "secondary" registers. If an employee fails to respond to such notice of return within the prescribed time period or declines to return from layoff to a secondary register classification, employee's name shall be removed from said secondary register and employee shall no longer be eligible for recall to that classification. If an employee fails to respond to notice of return within the prescribed time period or declines return to the primary register classification, he or she will be considered to have voluntarily resigned from employment with the City.
- D. Full-time employees who have bumped to a part-time position, or who have been recalled from layoff to a part-time position, shall be afforded an opportunity to return to full-time status as position openings become available. Such right of return shall be subject to

the "length-of-service" and "service within classification" requirements provided in Sections 3.01 and 3.02 of this MOU.

- E. Employees who request and are granted voluntary demotion to a vacant position in lieu of layoff shall be afforded the same rights of return as employees who have exercised bumping rights.
- F. An employee who, in lieu of layoff, was transferred to another position within the same classification shall be notified of an opening in his/her previous position and shall be afforded an opportunity to apply for reinstatement to that position.

### **3.04 Resignation**

Any employee wishing to leave the employ of the City in good standing shall file with his or her department a written resignation stating the effective date and reasons for leaving. The written resignation must be filed at least two (2) weeks before the planned separation date unless the City Manager or designee waives such time limit. A resignation is deemed accepted upon receipt. Once the resignation is accepted, it cannot be withdrawn. A statement as to the resigned employee's service performance and other pertinent information shall be forwarded to the Human Resources Director or designee. Failure to submit a written resignation as provided in this Section shall be entered on the service record of the employee and may be cause for denying future employment with the City.

## **4.00 WORK SCHEDULES**

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### **4.01 Work Schedules**

The normal work week for all full-time employees shall consist of forty (40) hours during each seven (7) day work period. The City reserves the right to implement business closures during the calendar week in which the Thanksgiving holiday is observed and on those days between the City's observance of Christmas and New Year's Day. If the City exercises the right to implement business closures during these times, employees will be permitted to use available accrued vacation, compensatory time off or management leave balances. Employees who do not have sufficient leave balances for the entire period will be in an unpaid status. No leave balances will be advanced.

In lieu of using accrued leave balance, employees may elect to be in an unpaid status during any business closure. For purposes of business closures only, employees who elect to take time off unpaid during City designated business closures will be eligible for Holiday Pay as if they were in a paid status. In exercising the right to implement business closures, the City Manager or designee has sole discretion in determining which departments and/or positions will be affected by the closure.

#### **4.02 Flexible Scheduling**

In recognition that unit members may routinely work additional hours (irregular hours and time expenditures in excess of a conventional 40-hour work week) unit members may flex their work hours on a daily basis by up to one and one half (1.5) hours at the beginning, during and/or end of each work day. Such flexible scheduling shall only occur if flexing does not in any way hinder the department operations, particularly, public service delivery, and if approved in advance by the Department Director or designee. In the event of scheduled department meetings or other scheduled City functions, managers in this unit are expected to conform their work day schedule in order to participate in such functions.

#### **4.03 Work Performed During Disaster**

All employees shall have the duty and obligation to perform emergency work upon request of proper authority declaring such emergency. No additional compensation is authorized by this section for such emergency work.

#### **5.00 MEET AND CONFER - TIME OFF FOR REPRESENTATIVES**

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##### **5.01 Representatives Empowered to Act**

The Association shall advise the City of those persons empowered to act as its representatives with authority to bind the Association in matter pertaining to the administration of this Memorandum of Understanding.

##### **5.02 Time Off to Meet and Confer**

The City shall allow a reasonable number of employee representatives of the Association reasonable time off during regular work hours without loss of compensation or other benefits when formally meeting and conferring with representatives of the City on matters within the scope of representation. The maximum number of employees who may be eligible to receive time off under this Section 5.02 shall not exceed four (4) employees.

##### **5.03 Time Off for Dispute Resolution**

If an employee desires the assistance of a representative of the Association in resolving a dispute, the City agrees to permit not more than two (2) Association representatives reasonable time off during regular work hours without loss of compensation or other benefits for this purpose. The employee and/or the authorized Association representative(s) shall obtain the approval of their immediate supervisors or other authorized department supervisors before leaving their duty or work stations or assignment for the purpose of resolving a dispute.

## **6.00 BENEFIT PLANS**

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### **6.01 Medical Insurance**

The City currently contracts with the Public Employees' Retirement System (PERS) for the purpose of providing medical insurance benefits for active employees and their eligible dependents, eligible retired employees, and eligible survivors of retired employees. Eligibility of a dependent to participate in this program shall be in accordance with the terms of the Public Employees' Medical and Hospital Care Act (PEMHCA). Eligibility of retired employees and survivors of retired employees to participate in this program shall be in accordance with those provisions of the PEMHCA providing for participation by "annuitants."

The City's employer contribution towards medical insurance benefits for each eligible employee shall be the minimum contribution amount required by Government Code Section 22892. Contributions provided under this section are required only to the extent mandated by the PEMHCA.

During the calendar year 2012, the City will provide an employer contribution of \$112.00 per month to CalPERS for each eligible active employee towards the purchase of medical insurance benefits.

In the event PERS requires a minimum employer payment in excess of the amount recited above, the City shall pay such additional amounts as approved by the City Council. Because PERS may change carriers and plans, the City shall not be required to provide a specific insurance coverage and shall only be required to provide those benefits as described in this Section so long as the City contracts for benefits with PERS for medical insurance benefits.

The City will provide each eligible annuitant, as defined by the PEMHCA, with an employer contribution towards medical insurance benefits that is equal to any contribution provided to an active employee under this section 6.01.

### **6.02 Flexible Benefits Allowance**

The City shall provide a contribution to the City's flexible benefits plan (125 Plan) for each full-time employee in regular or probationary status who is enrolled in one of the PERS medical insurance plans offered by the City. Employees can use this contribution to offset the cost of benefits purchased through the plan. The value of any flexible benefit allowance provided by the City under this Section shall be determined as follows:

- A. Employees hired before April 1, 2012, shall receive an allowance equal to the premium cost for participation in up to the second most expensive insurance plan available through the City (e.g. Blue Shield Health Care for calendar year 2012), as determined by the employee's enrolled participation level in a City sponsored medical insurance plan (e.g., Employee only coverage, Employee +1 coverage, or Employee + 2 coverage), less the amount of any contribution provided under Section 6.01 above. In no event shall the

sum of the City's contributions pursuant to the provisions of Sections 6.01 and 6.02 of this Memorandum of Understanding exceed the premium cost for the PERS medical insurance plan in which the employee is enrolled.

- B. Effective the pay period that includes July 1, 2014, the allowance provided to an eligible employee hired before April 1, 2012, shall be equal to ninety percent (90%) of the premium cost for health insurance coverage based on the employee's plan selection and participation level eligibility (e.g., Employee only coverage, Employee + 1 coverage, or Employee + 2 coverage), less the amount of any contribution provided under Section 6.01 above. The City's maximum contribution under this section shall not exceed the cost of ninety percent (90%) of the premium for the second most expensive benefit plan (currently Blue Shield) as determined by the employee's participation level, less the City's contribution towards medical benefits under PEMHCA, except that, in no event shall the sum of the City's contributions pursuant to the provisions of Sections 6.01 and 6.02 of this Memorandum of Understanding exceed ninety percent (90%) of the premium cost for the PERS medical insurance plan in which the employee is enrolled.
- C. The allowance provided to an eligible employee appointed to a position in this bargaining unit on or after April 1, 2012 shall be equal to ninety percent (90%) of the premium cost for health insurance coverage based on the employee's plan selection and participation level eligibility (e.g., Employee only coverage, Employee + 1 coverage, or Employee + 2 coverage), less the amount of any contribution provided under Section 6.01 above. The City's maximum contribution under this section shall not exceed the cost of ninety percent (90%) of the premium for the second most expensive benefit plan (currently Blue Shield) as determined by the employee's participation level, less the City's contribution towards medical benefits under PEMHCA, except that, in no event shall the sum of the City's contributions pursuant to the provisions of Sections 6.01 and 6.02 of this Memorandum of Understanding exceed ninety percent (90%) of the premium cost for the PERS medical insurance plan in which the employee is enrolled.
- D. The City shall continue to provide Flexible Benefit Allowances as provided in this Section unless amended or repealed by the City Council.
- E. Contributions to an employee's Flexible Benefit Account shall be used only for payment of those benefits that are available through the City's Flexible Benefits Plan. The City will not treat any contributions made to the Flexible Benefits Plan as compensation subject to income tax withholding unless the Internal Revenue Service and/or the Franchise Tax Board indicates that such contributions are taxable income subject to withholding. Each employee shall be solely and personally responsible for any federal, state, or local tax liability of the

employee that may arise out of the implementation of the section or any penalty that may be imposed therefore.

- F. Each employee shall file an election in writing during the month of open enrollment for medical insurance each year designating how the contributions in his or her Flexible Benefits Account are to be spent during the ensuing year. Thereafter, no changes to designations so made shall be allowed until the enrollment of the following year, except for changes due to an eligible qualifying event.
- G. Each employee shall be responsible for providing immediate written notice to the Human Resources Director or designee of any change to the number of his or her dependents which would affect the amount of the City's payment to the Flexible Benefits Account. An employee who, by reason of failing to report the change in dependents, receives a City payment greater than the amount to which he or she is entitled, shall be liable for refunding the excess amounts received via a reduction in the amount paid to employee's Flexible Benefits Account in subsequent months. Changes to flexible benefits contributions associated with changes in an employee's number of dependents shall take effect at the start of the first pay period in the month following the month in which notice of the change is received by the Human Resources Department. No retroactive increases to the Flexible Benefit Allowance provided by the City shall be allowed.

### **6.03 Federal or State Health Plan**

If, pursuant to any federal or state law which may become effective subsequent to the effective date of this MOU, the City is required to pay contributions or taxes for hospital, medical, dental care, prescription drug or other health benefits to be provided employees under such federal or state act, the City's obligation to furnish the same benefits under the Hospital Medical-Surgical-Dental Care and Prescription Drug Plans shall be suspended and the contributions agreed to be paid monthly hereunder by the City under Sections 6.01, 6.02, and 6.05 of this resolution shall be reduced each month by the amounts which the City is required to expend during any such month in the form of contributions or taxes to support said federal or state health plan.

If, as a result of such a law, the level of benefits provided by such law for any group of employees or their dependents, is lower in certain categories of services than that provided under Sections 6.01, 6.02, and 6.05, the City shall, to the extent practicable, provide a plan of benefits supplementary to the federal or state benefits so as to make benefits in each category of coverage as nearly comparable as possible to the benefits provided under said Sections 6.01, 6.02, and 6.05. The City need only expend for this purpose the actual amount required to achieve parity between the benefits agreed to be provided under Sections 6.01, 6.02, and 6.05 and the benefits provided under any federal or state plan as supplemented in the manner hereinabove described.

If the benefits provided under the federal or state act exceed the benefits provided hereunder in each category of coverage, the City shall be under no further obligation to make any contribution in pursuance of this section. In the event that the federal or state government enacts a health care program requiring contributions by employees, such employee contribution shall be reimbursed by the City to the amount by which said employee contribution reduces the City contribution required under the terms of this MOU.

**6.04 Alternate Benefit**

- A. An alternative benefit in the form of a cash payment is available to those full-time employees in regular or probationary status who: (1) elect to opt-out of receiving City contributions under Section 6.01 and 6.02; (2) are not enrolled in a City-sponsored health insurance plan as the dependent of another City employee; and (3) provide proof of medical insurance coverage from a plan other than a City-sponsored plan.

Any cash payment provided under this section shall be reported to the Internal Revenue Service (IRS) and the California Franchise Tax Board as compensation subject to income tax withholding. Each employee shall be solely and personally responsible for any tax liability that may arise out of receipt of the alternative benefits provided under this Section. The amount of alternative benefit amount provided to an employee is based on the level of insurance coverage that the employee could have received if he or she had enrolled in a City-sponsored health insurance plan, as follows:

- Employee only .....\$150.00 per month
- Employee and one (1) dependent.....\$270.00 per month
- Employee and two plus (2+) dependents..\$350.00 per month

For the purpose of this section, the term "dependent" shall mean a dependent eligible for coverage under a PERS medical insurance plan if such coverage had otherwise been elected by the employee.

- B. A full-time employee who does not receive a City contribution under Section 6.01 and 6.02 and who is enrolled in a City-sponsored health insurance plan as the dependent of another City employee may be eligible to receive an alternative benefit as provided in this subsection. If the cost to the City of providing an employee with benefits as the dependent of another is less than the cost of enrolling the employee separately in a City-sponsored health insurance plan, then the individual enrolled as a dependent may receive an alternative benefit. The amount of any alternative benefit shall be equal to the amount of savings to the City for enrollment of the employee as a dependent, up to a maximum alternative benefit of \$150 per month.

The following examples illustrate how alternative benefits will be provided to employees who are enrolled as a dependent in a City-sponsored health insurance plan. For purpose of these examples,

assume the following amounts as the City's total costs towards providing benefits under Section 6.01 and 6.02:

Employee only - total cost of \$500 per month

Employee and one (1) dependent – total cost of \$1,000 per month

Employee and two (2) or more dependents – total cost of \$1,400 per month

Example 1. Employee A and B are spouses who both work for the City of Hayward. Employee A participates in City-sponsored health insurance at the Employee plus 1 level (City cost of \$1,000 per month), with Employee B enrolled as Employee A's one dependent. If each employee was to participate in a City-sponsored plan as individual employees, then the City's cost would be \$500 per month for each employee (or a total of \$1,000 per month for two people, each enrolled individually at the employee only level). Since there is no cost savings to the City for enrolling Employee B as a dependent of Employee A, and vice-versa, then neither employee is eligible to receive an alternative benefit.

Example 2. Employee A and B are spouses who both work for the City of Hayward. They have one child. Employee A participates in City-sponsored health insurance at the Employee +2 or more level (City cost of \$1,400 per month), with Employee B and the child enrolled as Employee A's dependents. If Employee B was to enroll in a City sponsored plan individually (City cost of \$500), and Employee A's participation was modified to the Employee +1 (City cost of \$1,000), the City's total cost for providing benefits to both employees would increase from \$1,400 to \$1,500 per month. Since the City realizes a \$100 savings per month due to Employee B's enrollment as a dependent of Employee A, Employee B is eligible to receive an alternative benefit. The amount of this alternative benefit will be \$100 per month.

Example 3. Employee A and B are spouses who both work for the City of Hayward. They have two children. Employee A participates in City-sponsored health insurance at the Employee + 2 or more level (City cost of \$1,400 per month), with Employee B and the two children enrolled as Employee A's dependents. If Employee B was to enroll in a City sponsored plan individually (City cost of \$500), and Employee A continued to participate in Employee +2 or more benefits with the two children as dependents (City cost of \$1,400), the City's costs for providing benefits to both employees would increase from \$1,400 to \$1,900 per month. Since the City realizes a \$500 savings per month due to Employee B's enrollment as a dependent of Employee A, Employee B is eligible to receive an alternative benefit. The amount of this alternative benefit will be \$150 per month (the maximum alternative benefit available to employees enrolled as dependents of another employee).

- C. Enrollment in alternative benefits has to be elected each year during open enrollment. Benefit eligibility and alternative benefit amounts may vary from year to year depending on plan premiums.
- D. The provisions of this section shall be administered in accordance with regulations issued by the City Manager or designee which shall include, but not be limited to, the method and frequency of reimbursement to employees for the alternate benefits program(s) selected; the frequency with which employees may exercise the option to change alternate benefits programs; and appropriate procedures for the verification of payments made in pursuance of this section.

## **6.05 Supplemental Retirement Benefit**

Employees who retire from the City with at least ten (10) years of continuous City service are eligible to receive a supplemental retirement benefit. This benefit shall be equal to \$274.72, less the amount provided for under Section 6.01 above. This Supplemental benefit is provided in the form of cash to the retiree on a monthly basis. In order to receive this benefit, the employee must begin receiving pension benefits within one-hundred and twenty (120) days of leaving City employment. Retirees are solely responsible for any tax consequences associated with the receipt of benefits under this section.

Beginning with the pay period including July 1, 2014, all members of the association shall contribute \$52 per pay period, and until otherwise negotiated, to fund this benefit, which shall be placed in an irrevocable trust to fund such enhanced retiree medical benefits.

## **6.06 Dental Insurance**

The City shall contribute towards dental insurance premiums for full-time employees, other than temporary and provisional employees, and their eligible dependents as provided in this Section.

For eligible employees hired before April 1, 2012, who are enrolled in a City-sponsored dental plan, the City shall pay the full cost of premiums for participating in that plan through June 2013. Beginning with the pay period that includes July 1, 2013, the City's contribution on behalf of an eligible employee participating in a City-sponsored dental plan shall be equal to eighty percent (80%) of the monthly premium for dental insurance, as determined by the employee's enrolled participation level in the City sponsored dental plan. Employees enrolled in dental insurance are required to contribute the remaining twenty percent (20%) of the premium costs for dental insurance coverage.

For eligible employees appointed to a position in this bargaining unit on or after April 1, 2012, who enroll in a City-sponsored dental plan, the City shall contribute an amount equal to eighty percent (80%) of the monthly premium for dental insurance, as determined by the employee's enrolled participation level in the City sponsored dental plan. Employees enrolled in dental

insurance are required to contribute the remaining twenty percent (20%) of the premium costs for dental insurance coverage.

Monthly premium rates are established on a calendar year basis by the insurance provider, or in the case of a self-funded plan, by a third party examining plan utilization review, market trends, overall plan costs and any other industry standard metrics deemed necessary by the third party.

Currently, the City provides insurance coverage through a Delta Dental plan which includes the following: 100% payment of diagnostic and preventative services; 80% payment for other basic services, and crowns and caps restoration; 70% payment for prosthodontics; 70% payment for orthodontics (adults and children). Deductible each calendar year shall be \$25.00 per person, to a maximum per year of \$75.00 per family. Maximum benefit payment shall be \$2,000 per year for each patient except for orthodontics which shall carry a \$2,500 lifetime maximum benefit per patient.

The City reserves the right to provide dental care benefits under a plan or through a carrier of its choice. Alternate coverage may be provided through a consortium of public agencies or private employers which may be formed for the purpose of providing dental care benefits for employees through a program of self-insurance. In the event the City exercises this option the alternate coverage shall be substantially equivalent to the coverage in effect at such time as the change in carriers takes effect.

## **6.07 Life Insurance**

The City shall pay the cost of providing each employee with a group term life insurance policy valued at the equivalent of the employee's annual gross salary. The policy shall include accidental death and dismemberment coverage and the right to conversion at the time of termination of employment to a form of permanent coverage without medical restrictions nor the requirement to demonstrate evidence of insurability.

## **6.08 Disability Insurance**

The City shall continue in effect, at no cost to the employee, the Short Term/Long Term Disability Insurance policy with CIGNA; or any other such successor program which provides benefits comparable to those available under the CIGNA policy. This program shall provide short-term disability benefits based upon two-thirds (2/3) of an employee's current gross salary, up to \$1,390/week, after a twenty-eight (28) day waiting period. Beginning in the fourth month, the long term disability plan shall provide benefits based upon two-thirds (2/3) of an employee's current gross salary, up to \$7,000/month.

## **6.09 Vision Care**

The City shall contribute towards vision care insurance for full-time employees and their eligible dependents. Currently, the City provides vision

insurance coverage through VSP, under a plan that provides for a \$15.00 deductible, and an eye examination, lenses and frames once per year.

For eligible employees hired before April 1, 2012, who enroll in a City sponsored vision plan, the City shall pay the full cost of premiums for participating in a City sponsored vision plan through June 2013. Beginning with the pay period that includes July 1, 2013, the cost of the monthly premium shall be shared equally (50/50) between the employee and the City.

For eligible employees appointed to a position in this bargaining unit on or after April 1, 2012, who enroll in a City sponsored vision plan, the cost of the monthly premium shall be shared equally (50/50) between the employee and the City.

Monthly premium rates are established on a calendar year basis by the insurance provider, or in the case of a self-funded plan, by a third party examining plan utilization review, market trends, overall plan costs and any other industry standard metrics deemed necessary by the third party.

The City reserves the right to provide vision care benefits under a self-funded plan or through a carrier of its choice. Alternate coverage may be provided through a consortium of public agencies or private employers which may be formed for the purpose of providing vision care benefits for employees, or through a program of self-insurance. In the event the City exercises its option to move to a self-funded plan or to change insurance carriers, any new benefit plan shall provide coverage that is substantially equivalent to the coverage available at the time this option is exercised.

## **6.10 Medical, Dental, Vision, Flexible and Alternate Benefits for Certain Part-Time Employees**

Employees who are hired in part-time status and full-time employees who voluntarily assume part-time status shall be entitled to participate in group medical, dental, and vision insurance programs, and to receive a payment from the City to be applied to such plans subject to the following conditions:

1. Except as provided in Section 2 below, only those employees hired into positions budgeted for twenty (20) or more hours per week shall be entitled to coverage under group medical and dental plans.
2. The City's contribution towards medical insurance for part-time employees who are eligible to participate in a CalPERS health insurance plan as an "employee" shall be equal to the contribution provided to full-time employees under Section 6.01.
3. The City will provide those part-time employees who regularly work more than twenty (20) hours per week (at least a 0.5 FTE) with a Flexible Benefit Allowance. The amount of any allowance provided shall be determined in accordance with the formulas contained in Section 6.02, except that the sum of the contribution provided to a part-time employee who works more than 20 hours per week under Section 6.01 plus the amount provided as a Flexible Benefit

Allowance shall be based on the total number of hours worked each month by the part-time employee.

For new employees, the amount of City contribution for medical insurance shall be based upon the employee's estimated work schedule during the first month of coverage. Thereafter, the actual number of hours worked by the employee each month shall be used to determine the amount of City contribution toward medical insurance premiums in the month next following. Except that, the amount provided shall never be less than the amount required by applicable government codes.

4. The amount of the City's payment of dental insurance shall be proportionate to the amounts paid on behalf of full-time employees as specified in section 6.06 of this section. The calculation of proportionate payment shall be in accordance with the provisions of paragraph 3 of this Section.
5. The amount of the City's payment for vision insurance shall be proportionate to the amounts paid on behalf of full-time employees as specified in section 6.09 of this section. The calculation of proportionate payment shall be in accord with the provisions of paragraph 3 of this section.
6. The amount of the City' payment for alternate benefits shall be based upon scheduled hours of work and shall be proportionate to the amounts paid on behalf of full-time employees as specified in section 6.04 of this Memorandum of Understanding. The calculation and proportionate payments shall be based upon the hours budgeted for the position.

As an exception to the foregoing, those employees who assume part-time status as a result of a City-imposed reduction in hours will continue to receive City payment of medical, dental, and vision insurance premiums and will continue to participate in the Flexible Benefits Plan on the same basis as full-time employees.

## **6.11 Deferred Compensation Plan**

A Deferred Compensation Plan has been established for the benefit of City employees. Employees may contribute to the Plan as provided by the Plan terms. Effective July 1, 2012, there will be no more City contributions to the Deferred Compensation Plan on the employee's behalf.

Except for those changes which are necessary or desirable to obtain or maintain the favorable tax status of the plan, any changes in the written plan document governing the implementation and administration of the Deferred Compensation Plan adopted by the Hayward City Council on May 12, 1981, with respect to termination or modification of the plan will be jointly decided upon by the Administrative Committee as defined in Section 13.00 of the plan document.

## **6.12 Defined Benefit Retirement Program**

The City will continue to contract with the Public Employees' Retirement System (PERS) to provide a retirement program for bargaining unit members. Benefits shall include:

1. 2.5% @ 55 benefit formula
2. Fourth Level of 1959 Survivor's Benefits
3. Post-Retirement Survivor Allowance
4. One (1) Year Final Compensation
5. Military Service Credit as Public Service
6. Continuation of Pre-Retirement Death Benefit after Remarriage of Survivor.

These benefit plans require an employee contribution of eight percent (8%). Employees hired before April 1, 2012, shall pay 3.78% of the employee contribution, which shall be paid by the employee on a pre-tax basis in accordance with the IRS Section 414(h)(2) method of reporting retirement payments. The City will pay the remaining 4.22% of the eight percent (8%) employee PERS contribution, and continue to report such to PERS as "special compensation."

Effective with the pay period that includes July 1, 2012 employees shall pay the full employee contribution of eight percent (8%), which shall be paid by the employee on a pre-tax basis in accordance with IRS Section 414(h)(2) method of reporting retirement payments.

For eligible employees appointed to a position in this bargaining unit on or after April 1, 2012 shall pay the full employee contribution of eight percent (8%), which shall be paid by the employee on a pre-tax basis in accordance with IRS Section 414(h)(2) method of reporting retirement payments.

An employee, who is not eligible for enrollment in the Public Employees' Retirement System and who, in accordance with the federal Omnibus Budget Reconciliation Act of 1990, is required to be covered by Social Security or an alternate system shall be enrolled in the Public Agency Retirement System (PARS). The City shall contribute 3.75 percent of covered earnings into the employee's PARS account.

## **6.13 Benefits for Domestic Partners**

The City agrees to provide medical, dental, and vision plan insurance coverage to domestic partners of City employees as defined under the PERS Health Plan law, who are otherwise without such benefit coverage, and who register accordingly with the Secretary of State as prescribed by PERS.

## **6.14 Deferred Compensation – 401(a) Plan Option**

In the event the City of Hayward Deferred Compensation Committee determines that a 401(a) plan option shall be available to the City of

Hayward, the city shall amend its Plan and such option shall be made available to HAME-represented employees pursuant to IRS regulations governing the operation of such plans.

### **6.15 Employee Assistance Program**

For the term of this Memorandum of Understanding, the City agrees to continue to provide, at no cost to the employee, an Employee Assistance Program, with a limit of ten (10) visits per employee per fiscal year.

### **6.16 Medical Flexible and Dependent Care Spending Accounts**

The City shall maintain a Section 125 Plan, permitting employees to pay for eligible expenses, such as employee premium contributions, medical expenses and dependent care costs, with pre-tax dollars. Participants will be responsible for any claims service charge. Participants in the Plan may contribute up to a maximum of twenty five hundred dollars (\$2,500) annually for medical expenses and five thousand (\$5,000) annually for dependent care. These contribution limits may be reduced as required by law. Each employee shall be solely and personally responsible for meeting provisions and requirements set forth in the regulations of Section 125 Plan and the Plan Administrator.

## **7.00 SALARY ADMINISTRATION**

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### **7.01 Salary Administration Policy**

The policies governing preparation of a compensation plan shall be that of salary standardization.

### **7.02 Salary at Time of Employment**

The plan may provide a flat salary rate or a salary range for each classification with a minimum, maximum, and one or more intermediate steps. The beginning or normal hiring rate shall usually be at the first step of the range. Every new employee shall be paid the first step on employment except that the City Manager or designee may authorize employment at a higher step if the labor supply is restricted or the person to be hired is unusually well qualified.

### **7.03 Eligibility for Advancement in Pay**

Employees may be advanced to higher steps as merited by progressive improvement in job skills and work performance. The following time-in-step requirements shall normally apply for employee to be eligible for advancement in pay.

Step	Time-in-Step
A.....	6 months
B.....	6 months
C.....	1 year
D.....	1½years
E.....	-----

If warranted for the good of the service or when an employee demonstrates outstanding capacity in performing duties, advancement may be made prior to completion of the above time and step requirements. If the first day of the time in step period begins in the first five (5) days of the payroll period, then begin time in step with the start of the payroll period. If not, then time shall begin on the first day of the next payroll period. Advancement in pay, when approved, shall be effective at the beginning of the first pay period immediately following completion of the time and step requirements outlined above. If an employee is on leave without pay for more than one (1) month, the period shall be deducted from the employee's accumulated time-in-step period.

#### **7.04 Attaining Advancement**

An employee must demonstrate that advancement is merited on the basis of job performance. Advancement shall not be made solely because an employee is eligible according to time and step requirements. Good attitude and personal conduct, work accomplished, conscientious attendance, safety alertness, efforts at self-improvement, and other factors of individual achievement must be evident as appropriate to the position. The City Manager or designee shall be notified by the Human Resources Director or designee of employees approaching eligibility for step advancements.

#### **7.05 Use of Performance Ratings in Determining Whether Step Advancement is Merited**

Performance ratings shall guide supervisors and Department Directors in determining whether step advancements have been earned and should be recommended to the City Manager or designee.

#### **7.06 Withholding Step Advancements**

Department Directors or designees have the authority and responsibility to recommend withholding step advancements by the City Manager or designee if they are not merited. Department Directors or designees shall keep employees informed about their job performance, giving good work its proper recognition and any deficient work all possible guidance and assistance toward improvement. Department Directors or designees shall notify the employee as to the reason for withholding step advancements prior to submitting such recommendation to the City Manager.

### **7.07 Change in Pay Upon Promotion**

When employees are promoted, they shall normally receive the first step in the salary range for their new position. However, if such step is equal to or less than their present salary, they may receive the next step in the salary range of the new position which is close to five percent (5%) above their present salary, but not less than four and a half percent (4.5%). If no advancement in salary is granted on promotion, employees may be allowed to carry forward time and step accumulation. In no event will an employee's salary be set at a rate that exceeds the range applicable to the employee's new classification.

### **7.08 Change in Pay Upon Demotion**

When an employee is demoted, whether voluntarily or otherwise, the employee's compensation shall be adjusted to the salary prescribed for the class to which he or she is demoted. The employee will be placed in a salary step in the demoted classification that is the same as or above the step held prior to demotion providing said demotion is not the result of disciplinary action. If the demotion is a result of disciplinary action, the specific salary step shall be determined by the City Manager or designee, whose decision shall be final; provided however, that if the employee had prior service in the demoted position, the employee's step on the salary schedule for the demoted position shall not be set at a step that is lower than the step previously held by the employee in that position before his or her promotion.

### **7.09 Change of Pay Upon Reclassification**

When a position is reallocated to a classification with a higher pay range and the incumbent employee retains the position, the employee shall normally be placed at the first step in the new range. If no increase in pay results, advancements may be made to the next step immediately above their present salary. When recommended by the Department Director or designee and approved by the City Manager or designee, additional advancement may be granted. If no change in salary is granted, the employee may be allowed to carry forward time-in-step accumulation.

When a position is reallocated to a classification with a lower salary range, the incumbent employee shall not be reduced in pay while he or she continues to occupy the position. If the employee's current rate is below the maximum step of the new range, the employee shall continue at the present salary and carry forward time-in- step accumulation. If the employee's current rate exceeds the maximum step of the new range, his or her salary shall be frozen at its current level. When the incumbent leaves the position, a replacement shall normally be hired at the beginning rate.

### **7.10 Acting Pay**

Employees may be assigned to perform the duties of a higher classification on an "acting" basis when in the judgment of the Department Director or designee a need exists for work to be performed in such higher classification.

"Acting" assignments shall only be made by the Department Director or designee and the employee shall be provided with a written notice assigning the employee to the higher classification on an "acting" basis.

Employees assigned in accordance with the foregoing to perform the duties of a higher classification on an "acting" basis for a period of five (5) consecutive days or more, shall receive "acting" pay retroactive to the first day of such assignment. If a paid holiday falls on an employee's regular work day and is within an employee's acting assignment, the holiday shall be included as one of the five (5) consecutive days for purposes of acting pay.

An employee qualifying for "acting" pay shall receive the salary step of the higher classification which represents an increase over the employee's present salary step. If the closest step in the "acting" classification is not equal to at least a five percent (5%) increase over the employee's present salary step, the employee shall receive "acting" pay equal to five percent (5%) above his or her current pay step, except that the total rate paid (base salary plus any percentage increase) for work performed in "acting" assignment shall not exceed the top step of the salary range for the higher class.

### **7.11 Special Assignment Positions**

Special assignment positions within a classification may be established after notice to the Association where duties and responsibilities are of specialized nature by comparison to other positions in the class or the duties and responsibilities in the class specification. Selection of employees to said positions and removal therefrom shall be made by the City Manager or designee upon recommendation of the Department Director or designee. An employee so assigned shall receive, as determined by the City Manager or designee, a salary increment from a range of five percent (5%) to ten percent (10%) of the employee's present salary.

### **7.12 Salaries**

Salaries for classifications in this representation unit shall be as enumerated in Appendix A to this Memorandum of Understanding.

### **7.13 "Y-Rated" Salaries**

Should the salary range for a classification be reduced for any reason during the term of this Agreement and an incumbent employee's salary be more than the top step of the new salary range, then the salary for the incumbent employee shall remain unchanged (Y-rated) until such time as general salary range adjustments increase the salary range to a level that encompasses the Y-rated salary.

Upon ratification of the current contract, employees whose classifications are affected by the recalibration of the salary schedule shall be y-rated at their current step until they are advanced to the next step in the range in accordance with applicable provisions of this MOU. Upon advancement,

employees will advance into the adjusted salary schedule listed in Appendix A.

#### **7.14 Flexibly Staffed Classifications**

The job duties of employees hired into flexibly staffed classifications within this unit shall be formally evaluated after a minimum of one (1) year from date of appointment to the classification to determine whether duties performed justify a reallocation to the higher level of the flexibly staffed classification. Such evaluations may be performed by the supervisor(s) in conjunction with Human Resources Department staff and recommendations for advancement shall require approval of the City Manager or designee.

#### **7.15 Bilingual Pay**

Employees who are required in the performance of their duties to converse with the public in a language other than English, and who have demonstrated their competency through a language fluency test administered through the Human Resources Department, shall receive bilingual pay in the amount of thirty dollars (\$30) per pay period. Within thirty (30) days of MOU ratification all incumbents who received bilingual pay shall re-certify through the Human Resources Department.

No more than once every twenty-four (24) months, the Department Director or designee may require an employee receiving bilingual pay to demonstrate continued competency in a second language as a condition of continuing to receive pay under this section. Employees who do not demonstrate continued competency will cease receiving bilingual pay until such time as competency is again demonstrated.

#### **7.16 Supervisory Differential**

Effective with and during the term of this Memorandum of Understanding, the City shall maintain a minimum pay differential of ten percent (10%) between the top step base rate paid to HAME-represented supervisory classifications and the top step base rate of their highest-paid subordinate classification. This provision is not intended to serve as a means of reducing a HAME represented supervisory salary differential that currently exceeds ten percent (10%).

#### **7.17 Cost of Living Adjustments**

No cost of living adjustments shall be made during the term of the Memorandum of Understanding (MOU). However, should it be determined by the City Manager that financial indicators described and delineated below are achieved, and that the granting of any one-time payments would not cause a reversal of the City's progress towards its financial goals, effective April 1 of fiscal year 2015 of this agreement, a one-time, non-recurring payment that is not subject to CalPERS calculations shall be made to each member of the bargaining unit that was employed by the City on the effective

date of this MOU and who, on April 1, 2015, remains employed. The payment calculation shall be linked to the CPI (Consumer Price Index – all urban wage earners, not seasonally adjusted, San Francisco-Oakland-San Jose, CA) – and shall be calculated based on the percent change for the twelve month period ending February 2015, but in no case will the one-time payment exceed two percent (2%) or be less than one and one-half percent (1.5%) as calculated against the annual base pay rate that is in place for each incumbent on April 1, 2015.

The financial indicators that must be satisfied are:

1. Effective FY 2015, the beginning General Fund Reserve cash balance (restricted, committed, assigned, unassigned), exclusive of non-spendable balances, shall not be less than twenty percent (20%) of gross General Fund expenditures, including Transfers Out. This calculation will be based on the prior fiscal year's actual results as reported in the respective Comprehensive Annual Financial Report (CAFR), and shall be completed within two weeks of submission of the CAFR to Mayor and Council (i.e., calculations for FY 2013 will be based on the FY 2012 CAFR ending fund balance, and so on). *For example, and as a reference point, in FY 2011 the total General Fund Reserve year-end spendable cash balance was \$29.55 million and total General Fund expenditures, including Transfers Out, was \$121.2 million;*
2. There is a continuing trend of revenue growth from FY 2011, and the combined total of Sales Tax and Property Tax revenues in FY 2014, exceeds the combined Sales Tax and Property Tax revenues in FY 2011 by nine percent (9%) (combined total of Property Tax and Sales Tax revenue for FY 2011 is \$61,217,499) as reported in the FY 2011 (CAFR); and
3. In the approved Adopted Operating Budget for FY2015 and FY 2016, no economically forced lay-offs as identified and approved by Council, are required, or are projected, to balance the budget or close the structural deficit (i.e., the gap between gross revenues and gross expenditures).

This section shall not be subject to the dispute resolution procedure contained in the Bargaining Unit's Memorandum of Understanding, to procedures contained in the City's Personnel Rules, or to the jurisdiction of the City's Personnel Board for any reason whatsoever.

## **7.18 Salary Surveys**

On or about July 1, 2014, the parties will engage in a Request for Proposal (RFP) to contract with an outside agency to gather salary survey data in preparation for negotiating a successor agreement. The parties will jointly select the outside agency to conduct the survey within thirty (30) days of the

RFP deadline. If the parties cannot come to an agreement within the timeframe specified above, the City will have sole discretion in selecting the agency. A review of survey agencies to use shall be a part of the consultant's evaluation.

The survey shall compare Hayward benchmark classifications to comparator agencies in reference to the market average at the time. The Association and the City agree to meet in December 2013 to identify benchmark classifications for purposes of this salary survey. In the event that the parties are unable to reach agreement by April 1, 2014 on benchmark classifications, then the benchmark classifications shall be identified by the City.

The salary survey shall include the monthly base salary and all employee costs paid by the respective agencies. Employee costs include, but are not limited to, employer contributions to medical, dental, vision, life insurance, long term disability, short-term disability, deferred compensation, contributions made by the employer of the PERS employee portion, other retirement contributions, phone, car and uniform allowance.

The parties agree to retain a consultant to gather the salary survey information and compile a report which will be provided to both parties no later than February 1, 2015. The City and HAME shall share the costs equally for consultant services required to conduct such survey and the scope of services defined above.

## **8.00 HOLIDAYS**

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### **8.01 Holidays Observed by the City**

The following days shall be holidays for all employees:

New Year's Day (January 1)	Admission Day (September 9)
Martin Luther King Jr. Day (3rd Monday in January)	Columbus Day (2nd Monday in October)
Lincoln's Birthday (February 12)	Veteran's Day (November 11)
Washington's Birthday (3rd Monday in February)	Thanksgiving Day (4th Thursday in Nov.)

Memorial Day (last Monday in May)	Friday after Thanksgiving (Fri. following 4th Thurs. in Nov.)
Independence Day (July 4)	Christmas Eve (December 24)
Labor Day (1st Monday in September)	Christmas Day (December 25)

Employees shall be allowed the last half, four (4) hours, off on the work day immediately preceding the day on which New Year's Day is observed.

If any of the above holidays fall on a Sunday, the following Monday shall be observed as a holiday. If a holiday falls on a Saturday, the previous Friday shall be observed as a holiday. If a holiday falls on an employee's regular day off, or if an employee is scheduled or assigned to work on a holiday, an employee shall be entitled to equivalent time off at a later date and such time shall be credited to the employee's vacation leave. Scheduling or assignment of holiday work must be approved in advance by the City Manager or designee. For purposes of this section, the number of hours comprising a holiday is defined as ten (10) hours for employees on a forty (40) hour per week schedule who work a 4/10 schedule (four, ten hour days per week) and eight (8) hours for all other employees.

### **8.02 Holidays for Part-time Employees**

Part-time employees who are regularly scheduled to work twenty (20) or more hours per week shall be entitled to up to four (4) hours pay for each holiday observed by full-time employees. Eligible part-time employees shall receive one-half (1/2) hour of holiday leave with pay for each full hour of leave granted full-time employees for the New Year's Eve holiday described above.

### **8.03 National Days of Mourning**

When a day of mourning is proclaimed by the President of the United States and the Governor of the State of California, and said day of mourning is observed by the City, the following procedures shall apply:

1. Those employees who are released from work on a day of mourning shall be compensated in full for this day.
2. Those employees required to work on a day of mourning, and those whose day off falls on such a day, will receive an equivalent credit to vacation leave for those hours worked during their normal shift. Hours worked in excess of an employee's normal shift shall be compensated as overtime hours in the normal fashion.

3. The department head shall be responsible for determining which employees may be released on a day of mourning. Every effort shall be made to release as many employees as possible consistent with the operating requirements so as to minimize the crediting of vacation hours.

## 9.00 VACATIONS

### 9.01 Vacation Leave Policy

Vacation leave is a benefit and the use of same shall be approved by the City Manager or designee taking into account the desires and seniority of employees and, more particularly, the workload requirements of the department. Employees shall take vacation leave regularly each year and shall be encouraged to take vacation at least a full week at a time. In order to effect to this policy and to realize the greatest benefit from vacation for both employee and the City, limitations shall be placed upon the amount of unused vacation leave an employee is allowed to accumulate.

If an employee exhausts his or her vacation leave, the employee may apply for another eligible paid or unpaid leave (excluding sick leave) as provided for in this Memorandum of Understanding. If vacation leave is approved and then it is determined that the employee does not have enough vacation leave available to cover the request and no other leave is requested, Payroll will deduct the excess time from another eligible paid leave balance. No vacation leave accruals will be credited in advance. No vacation leave will be earned while on an unpaid leave.

If vacation leave is used to remain in a paid status while on approved leave under the Family Medical Leave Act/California Family Rights or Pregnancy Disability Leave, the vacation hours used will run concurrently with the state and/or federal leave entitlement.

### 9.02 Vacation Leave Allowance

All full-time employees other than temporary and provisional shall accrue vacation leave benefits each payroll period based upon the number of regularly scheduled hours.

Vacation accrual schedule for employees who are budgeted and work full-time are as follows:

	<b>Per 80 Hr.</b>	<b>Hourly</b>	
<b>Years of Service</b>	<b>Period</b>	<b>Equivalent</b>	<b>Annual</b>
Up to 5 yrs. ....	3.08 hrs. ....	0.0385 hrs.....	80 hrs.
From 5 to 9 yrs.....	4.62 hrs. ....	0.0578 hrs.....	120 hrs.
From 10 to 19 yrs.....	6.16 hrs. ....	0.077 hrs.....	160 hrs.
From 20 yrs. ....	7.70 hrs. ....	0.0963 hrs.....	200 hrs.

An employee will accrue at the next highest benefit level on his or her corresponding anniversary date. For purposes of crediting service time for vacation accruals, a former regular employee who is reinstated within one (1) year from the date of his or her date of separation shall receive credit for his or her prior service in a probationary and regular appointment. No service time on a temporary, provisional or contracted appointment will be credited.

Vacation leave can be accrued but shall not be granted during the first six (6) months of service. The increases in vacation leave allowance shall be granted on the basis of full-time, continuous service. An approved leave of absence shall not constitute a break in service for the purpose of this section, but vacation leave shall not be earned during any period of unpaid absence.

As an exception to the foregoing, the City Manager or designee is authorized to place a new management employee at a position in the vacation schedule which recognizes that said employee has left a similar position with another employer where he or she had substantial vacation benefits.

Vacation leave shall continue to be earned during other authorized leaves with pay. When a holiday falls during an employee's absence on vacation leave, it shall not be deducted from his or her accrued leave.

The maximum vacation accrual cap shall be twice the annual allowance plus forty (40) hours. The vacation accrual cap shall be maintained on a continuous per pay period basis. Exceptions may be permitted on approval of the City Manager or designee. In granting such exceptions the City Manager or designee may specify a time within which such excess vacation leave must be used. It shall be the responsibility of each employee to insure the full use of vacation leave credits received by scheduling the necessary time off each year.

As an exception to the foregoing, at the end of the pay period including January 1, 2012, the caps on vacation will be reinstated pursuant to this section, except employees will be allowed to accrue twice the annual rate plus eighty (80) hours (instead of forty (40) hours). The City Manager or designee will allow employees who exceed this cap to use the excess vacation leave by the end of the pay period including June 30, 2013. Failure to use the excess leave by the end of the pay period including June 30, 2013, shall cause the employee's accrual of vacation to cease until the existing balance has been reduced to the cap amount (twice the annual rate plus forty (40) hours) or less. After June 30, 2013, the employee vacation cap will be maintained on a continuous per pay period basis and the accrual rate of twice the annual rate plus forty (40) hours will be reinstated.

Employees hired prior to April 1, 2012, will be allowed a one-time vacation leave payout not to exceed forty (40) hours of accrued vacation leave in either July or December 2012. No payout will be processed after December 31, 2012. Employees interested in cashing out will submit a written request to the Payroll Department. The request will be processed within two (2) pay periods of receipt of the request. Payout will be included in the biweekly payroll and said cash out will be subject applicable state and federal taxes.

**9.03 Vacation Accruals for Certain Part-time Employees**

Only those employees hired into positions budgeted for twenty (20) or more hours per week and who consistently work twenty (20) or more hours per week shall be eligible for vacation leave. Eligible part-time employees other than temporary and provisional shall accrue vacation leave benefits each payroll period based upon the number of hours the employee actually works. The hourly equivalent rates are as follows:

	<b>Hourly</b>
<b>Years of Service</b>	<b>Equivalent</b>
Up to 5 yrs. ....	0.0385 hrs
From 5 to 9 yrs. ....	0.0578 hrs
From 10 to 19 yrs.....	0.0770 hrs
From 20 yrs. ....	0.0963 hrs

Notwithstanding the foregoing, employees who are hired in a part-time status and full-time employees who assume part-time status shall accrue vacation benefits each payroll period based upon the total number of hours for which the employee was compensated in the payroll period. In order to be eligible for this benefit, employees must consistently work a half-time schedule or more. The amount of vacation so accrued shall be proportionate to that earned by full-time employees in the same payroll period. The vacation accrual schedule specified in Section 9.02 of this memorandum and listed above will be used for purposes of prorating vacation leave.

The use of vacation shall be subject to the provisions of Section 9.01, 9.02, 9.03 and 9.04 of this Memorandum of Understanding. The maximum vacation accrual cap shall be twice the annual allowance plus twenty (20) hours. Exceptions to the foregoing may be permitted pursuant to the provisions of Section 9.02 of this Memorandum of Understanding.

Vacation leave can be accrued but shall not be granted during the first six (6) months of service.

**9.04 Payment for Unused Vacation Leave**

Leave time earned but unused at date of termination shall be added to final pay. If the employee owes the City for unearned leave taken, the actual time shall be deducted from final pay.

**10.00 SICK LEAVE**

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**10.01 Sick Leave Policy**

Sick leave is a paid leave. Sick leave shall be allowed in case of an employee's bona fide illness or injury, or for an employee's doctor/heath

appointments. Use of sick leave shall be approved by the employee's supervisor.

Employees shall whenever possible make appointments for medical, dental, and other health and wellness similar purposes on Saturdays or other non-work time.

In addition to the foregoing, sick leave may be used as family sick leave to care for an ill or injured family member or to take a family member to a doctor appointment. A "family member" is defined as a child, parent, spouse, registered domestic partner, or child of a registered domestic partner in accordance with California Labor Code section 233. Up to half (1/2) of an employee's annual sick leave accruals per calendar year may be used as family sick leave.

A certificate from an attending physician stating the expected duration of the family member's illness may be required. Authorization to use additional sick leave for family illness beyond the maximums identified above may be granted by the City Manager or designee when in his or her judgment circumstances warrant the same. Employees may use not more than four (4) hours of sick leave for the purpose of consulting with a physician concerning a serious illness or injury of a member of the employee's immediate family.

No sick leave accruals will be credited in advance. No sick leave will be earned while on an unpaid leave.

If sick leave is used for purposes that qualify under a state or federal leave law, such as Family Medical Leave Act/California Family Rights or Pregnancy Disability Leave, then any sick leave used will count towards the state or federal leave entitlement.

## **10.02 Sick Leave Accruals for Full-Time Employees**

All full-time employees other than temporary and provisional shall accrue sick leave benefits each payroll period based upon the number of hours the employee is entitled. The full time sick leave accrual rate is 3.7 hours per payroll period (up to ninety-six (96) hours annually). Employees shall accrue sick leave credits in accordance with the foregoing schedule from their initial date of employment and shall be entitled to the use of sick leave upon completion of three (3) months of continuous, full-time satisfactory employment.

The use of accrued sick leave shall be subject to the provisions of Section 10.00 of this Memorandum of Understanding. After an absence is approved as sick leave, it shall be deducted from an employee's leave balance. There shall be no limit upon the number of hours of unused sick leave which may be accumulated by an employee. Except as provided in Section 3.03 (Return Following Layoff), upon separation of an employee, any sick leave balance for which payment has not been made shall be canceled, and shall not be restored if the employee is reinstated.

### **10.03 Sick Leave Allowance for Certain Part-Time Employees**

Part-time employees who are regularly scheduled to work twenty (20) or more hours per week shall be entitled to accrue sick leave benefits each payroll period based upon the total number of hours for which the employee was compensated in the payroll period.

The amount of sick leave so accrued shall be proportionate to that earned by full-time employees based on the number of hours worked by the part-time employee. The full-time sick leave accrual rate is 3.7 hours per payroll period. The use of accrued sick leave shall be subject to the provisions of this Memorandum of Understanding.

Sick leave can be accrued but shall not be granted during the first three (3) months of service. Sick leave is accrued for all regular hours worked and shall continue to be earned during other authorized leaves with pay. There shall be no limit upon the number of hours of unused sick leave that may be accumulated by an employee. Upon separation of employees, sick leave balance for which payment has not been made shall be canceled, and shall not be restored if a former employee is reinstated.

### **10.04 Sick Leave Notice and Certification**

In order to receive compensation while absent on sick leave, employees or someone on their behalf shall notify the immediate supervisor prior to or within two (2) hours of the time set for reporting to work. A Department Director or designee may waive this requirement upon presentation of a reasonable excuse by the employee. Employees shall file a personal affidavit or a physician's certificate with their supervisor if required by the Department Director or designee for any use of sick leave.

After three (3) consecutive working days absence, the supervising authority may require an appointment and/or physician's certificate. If employees become ill while on vacation, periods of illness may be charged to sick leave upon presentation of a doctor's certificate certifying duration of illness. In cases of frequent use of sick leave, employees may be requested to file physician's statements for each illness, regardless of duration.

A physician's certificate needs to include the name and signature of the attending physician, the date and time the employee was seen by the physician, and the physician's certification that the illness or injury was of such nature to prevent the employee from performing his or her job. Employees may also be required to take an examination by a physician designated by the City and to authorize consultation with their own physician concerning their illness.

Sick leave shall not be granted for absences caused by intoxication or excessive use of alcoholic beverages. As an exception to the foregoing, sick leave may be authorized for the treatment of alcoholism or substance abuse when such condition is diagnosed by a competent medical authority.

These same requirements may also be applied for family sick leave requests.

## 10.05 Payment for Unused Sick Leave

Any employee leaving employment of the City in good standing after having completed twenty (20) years of continuous service, or upon retirement from the City for service or disability with at least (10) years of service, or upon termination of employment by reason of death shall receive payment for a portion of that sick leave earned but unused at the time of separation.

The amount of payment for unused sick leave shall be based on the employee's accumulated unused sick leave balance at the time of separation (up to a maximum of 2400 hours), times the employee's hourly rate of pay at time of separation plus seven (7) percent, times the number of whole years of continuous service, times the percentage factor from the following table:

- 0% to 65% of maximum eligible sick leave accrual = 1%
- 65.01% or more of maximum eligible sick leave accrual = 1.15% provided the employee has twenty-five (25) years of service. If the employee has less than twenty-five (25) years of service the payout percent will equal 1%.

For the purposes of this section, maximum eligible sick leave accrual will be calculated as number of whole years of service times 96.2 sick leave hours. The following examples illustrate how sick leave payouts will be provided to employees under this section:

Example 1. Employee A is retiring after 20.7 years of service. She has 1335.4 hours of unused sick leave at time of retirement. The maximum number of sick leave hours she could have accrued over the course of her employment with the City was 96.2 hours x 20 years = 1924.0 hours. Her total sick leave hours (1335.4) are equal to 69.4% of the total maximum eligible sick leave accruals (1335.4 ÷ 1924.0 x 100 = 69.4%). She did retain greater than 65% of her maximum eligible sick leave accruals, however, she does not have 25 years of service, therefore, she is only eligible to receive 1% of her unused sick leave balances for every whole year of service. Her hourly rate is \$42.35. Her sick leave payout hourly rate is \$42.35 x 1.07 = \$45.31. Her sick leave payout calculation is as follows:

$$\underline{1335.4 \text{ hours}} \times \$45.31 \times 20 \text{ years} \times .01 = \$12,101.40$$

Example 2. Employee B is retiring after 30.2 years of service. He has 2457.8 hours of unused sick leave at time of retirement. The maximum number of sick leave hours he could have accrued over the course of his employment with the City was 96.2 hours x 30 years = 2886.0 hours. His total sick leave hours (2457.8) are equal to 85.2% of the total maximum eligible sick leave accruals (2457.8 ÷ 2886.0 x 100 = 85.2%). He retained greater than 65% of his maximum eligible sick leave accruals and he has more than 25 years of experience, therefore he would be eligible for 1.15% of his unused sick leave balances for every year of service. His hourly rate is \$41.18. His sick leave payout hourly rate is \$41.18 x 1.07 = \$44.06. His sick leave payout calculation is as follows:

$$\underline{2400 \text{ hours (max allowed)}} \times \$44.06 \times 30 \text{ years} \times .0115 = \$36,481.68$$

Payment of unused sick leave for part-time employees shall be determined using a pro-rated maximum accrual of sick leave hours and a pro-rated cap on the maximum number of hours that are subject to cash-out. The percentage applied for pro-rating shall be determined based on the average number of hours worked during the one year period immediately preceding separation. For example, if the employee worked 1,040 hours during the year before separation, or the equivalent of 0.5 FTE, then the pro-rated maximum accrual will be 0.5 x 96.2 hours, or an annual accrual rate of 43.1 hours. The pro-rated cap for this same employee will be 0.5 x 2,400 hours or 1,200 hours.

That portion of an employee's sick leave balance for which payment is not provided shall be canceled, and shall not be restored if said employee is reinstated.

Employees hired on or after April 1, 2012 shall not be eligible to receive any sick leave cash-out benefits under this Section.

## **10.06 Catastrophic Injury/Illness Time Bank**

Upon approval of the City Manager or designee, a time bank may be established for the benefit of an employee who is incapacitated by a catastrophic illness or injury. The intent of this program is to assist catastrophically ill or injured employees who have exhausted all available paid accruals, to maintain paid status for a maximum of one (1) year. Catastrophic injury or illness is defined as a medically certified, severe and disabling, non-industrial condition resulting in an employee's inability to work. Employees may submit requests to donate earned vacation and/or compensatory time on a voluntary basis subject to the conditions listed below:

- A. Employees initially eligible to receive leave contributions must have exhausted all other leave balances available including earned vacation, earned sick leave and accrued compensatory time.
- B. State and federal income tax on the value of leave donated shall be deducted from the recipient employee's pay at the time of crediting.
- C. Leave hours that are credited as sick leave to the recipient, shall not be reversible.
- D. Hours requested to be donated shall be kept in a pledge status until used, shall be credited on a monthly basis as sick leave, and shall be subject to the provisions of this Memorandum of Understanding regarding the use and payment of same. Donations shall be credited in the following order:
  1. From donors whose vacation accruals are at or within 16 hours of the maximum allowed for their classification; then
  2. From other donors in random order, to be determined on a draw basis by the Human Resources Department.

3. Donation requests shall be credited in the order specified above in subsequent month(s).
  - E. Donated leave time shall be changed to its cash value and then credited to the recipient in equivalent hours at the recipient's straight time hourly rate of pay. Recipient employees shall not be credited with more than 100% of their normally scheduled hours for any given pay period.
  - F. Donating employees may not reduce their balance of earned vacation below eighty (80) hours by reason of such donations.
  - G. Recipient employees shall be credited with up to forty (40) hours of donated time upon return to work, provided that sufficient hours remain in pledge status during the pay period immediately preceding the return to work date. All un-donated, pledged hours exceeding forty (40) hours shall be returned to the respective donor(s).
  - H. In the event of the death of the recipient, his or her designated beneficiary shall receive payment for hours credited as donated. Hours remaining in pledge status are not subject to payout to the beneficiary, and shall be returned to the donor(s).

This provision shall also allow the use and donation of catastrophic leave to employees who need paid time off to care of a catastrophically injured or ill dependent. The use of this leave is limited to a one (1) year period for establishment of any Catastrophic Injury/Illness Time Bank. Upon approval of the City Manager or designee, a time bank may be established for the benefit of an employee who has a dependent who is incapacitated by a catastrophic illness or injury. A dependent is defined as a legal spouse, registered domestic partner, legal child under the age of 26, or legal child of a registered domestic partner under the age of 26.

An employee must provide a signed medical certification from the treating physician of his or her dependent stating that the employee's dependent has a severe and disabling injury or illness and indicating the amount of time he or she would need to be off to care for his or her dependent.

An employee shall not be credited with more than 100% of his or her normally budgeted hours for any given pay period. In no event shall an employee receive donated paid leave in addition to any paid benefit provided to the employee for time off to care for his or dependent that will result in the employee receiving more than 100% of the employee's base salary for the pay period. Records of any paid benefit provided to the employee for time off to care for his or her dependent must be provided by the employee to Payroll for integration with catastrophic leave.

Employees can donate paid leave to an employee who has a dependent with a catastrophic injury/illness under the same terms and conditions as for an employee who has a catastrophic injury/illness.

Employees can utilize catastrophic leave for up to a one (1) year period. The period starts for the first day of use of catastrophic leave. For example, if catastrophic leave starts on July 1, 2010, it can only be used up until June 30, 2011. Leave can be taken on an intermittent basis if approved by the

City Manager or designee but will not exceed catastrophic leave usage past the one (1) year leave period.

Any leave used for purposes that qualify under a state or federal leave law, such as Family Medical Leave Act/California Family Rights Act/Pregnancy Disability Leave will count toward any state or federal leave entitlements. If an employee is unable to return to work and has exhausted all of his or her leave entitlements, the employee may be retired for disability and/or separated.

## **11.00 MISCELLANEOUS LEAVES**

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### **11.01 Bereavement Leave**

All full-time employees other than temporary and provisional employees shall be granted bereavement leave with pay for not more than three (3) work days upon the occasion of the death of a close relative. When additional time is desired, employees may be allowed to take accumulated vacation or management leave as approved by their Department Director or designee. For the purpose of this section a close relative is defined as any relation of the employee, by blood or marriage, including registered domestic spouses in accordance with Section 297.5 of the Family Code where one or more of the following conditions are present:

- A. The employee will be attending the funeral of the deceased.
- B. The employee is responsible for or involved with funeral arrangements and/or estate settlement for the deceased.
- C. The employee's relationship with the deceased was of a close and personal nature such that time is required by the employee to deal with his or her bereavement or to participate in memorial services, either religious or non-sectarian.

When requesting such leave, employee will be required to certify to the Department Director or designee the conditions for granting bereavement leave have been satisfied. Upon presentation of such a request the Department Director or designee shall determine whether leave shall be granted and in what amount. Additional bereavement leave of two (2) work days for travel purposes not to exceed a total of five (5) work days may be granted by the Department Director or designee when circumstances warrant the same.

Part-time employees who work a continuous schedule of twenty (20) or more hours per week shall be granted bereavement leave with pay as necessary on the same basis as full-time employees except that they shall be compensated at the rate of one-half (1/2) of the bereavement leave allowance provided full-time employees.

### **11.02 Jury Leave**

An employee summoned to jury duty shall inform his or her supervisor and, if required to serve, may be absent from duty with full pay. Any jury fees received by an employee shall be remitted to the City, excluding mileage reimbursement.

### **11.03 Military Leave**

Military leave shall be granted in accordance with the provisions of federal and/or state law. All employees entitled to military leave shall give the Department Director and the City Manager or designees an opportunity, within the limits of military requirements, to determine when such leave shall be taken.

### **11.04 Industrial Disability Leave**

For employee injury or disability falling within the provisions of the state Workers' Compensation Disability Act, disability compensation at the rate allowed under said Act shall be the basic remuneration during the employee's period of disability. Compensation under this Act will be provided through payroll or the City's third party administrator. Employees may elect to use their own personal paid leave to supplement any worker's compensation benefits received. If any paid leave is used, the employee must contact Human Resources Department and integrate the leave with the temporary disability benefits paid under this Act, so that compensation does not exceed 100% of an employee's regular pay.

### **11.05 Family Medical Leave Act/California Family Rights Act**

Employees may be eligible for leave under the Family Medical Leave Act (FMLA) and/or the California Family Rights Act (CFRA). The administration of any FMLA or CFRA leave provided for under this provision shall be in accordance with the provisions of the FMLA and the CFRA. Leave provided under this provision may run concurrently with other leaves provided under this agreement, as designated by the Human Resources Department. Additional information regarding available leave benefits is set forth in City Administrative Rule 2.45, as that Rule may be revised.

### **11.06 Pregnancy Disability Leave**

Employees may be eligible for leave under the California Pregnancy Disability Leave Law (PDLL). The administration of any leave given under the PDLL shall be in accordance with the provisions of the PDLL. Leave provided under this provision may run concurrently with other leaves provided under this agreement. Additional information regarding available leave benefits is set forth in City Administrative Rule 2.45, as that Rule may be revised.

### **11.07 Leave of Absence**

The City Manager or designee, upon written request of a full-time employee other than temporary or provisional employees, may grant for the good of the service a leave of absence for a maximum period of one (1) year.

Consideration for granting leave will take into account the employee's previous time off, reason for request, business needs, etc.

Leaves hereby authorized shall include medical leaves, educational leaves, parental leaves, and leave for any other purpose promoting the good of the service. Part-time employees are eligible for leaves of absence on a pro-rated basis (e.g. half-time employees are eligible for one-half the leave of absence duration of a full-time employee, i.e. a maximum of six (6) months duration). Whenever granted, such leave shall be in writing and signed by the City Manager or designee. Upon expiration of such a leave, the employee shall be reinstated to the position held at the time the leave was granted. Failure of the employee to report promptly at its expiration or within a reasonable time after notice to return to duty shall terminate the employee's right to be reinstated.

All eligible paid leaves must be exhausted during any leave granted under this provision. Should the employee exhaust their leave balances while on the leave all remaining time will be without pay. If a Leave of Absence is used for purposes that qualify under a state or federal leave law, such as Family Medical Leave Act/California Family Rights Act or Pregnancy Disability Leave, the leave taken under this provision will count towards the state or federal leave entitlement. If an employee is unable to return to work and has exhausted all of his or her leave entitlements, the employee may be retired for disability or separated. No benefits will be provided during this period except in those instances when it is required by law. Health coverage may be continued but at the employee's own cost.

### **11.08 Parental Leave**

A new parent may use up to forty (40) hours earned sick leave upon the birth of a child or when a child begins residence with an employee who has commenced adoption proceedings. Any leave granted under this provision shall run concurrently with FMLA/CFRA leave.

### **11.09 Management Leave**

The City Council wishes to acknowledge the special public service rendered by HAME Employees. In maintaining the City's efficiency and reputation, overtime exempt Employees in this group work whatever extra hours are required for appearances before the City Council, City Boards and Commissions, citizens' groups, and intergovernmental bodies; for maintenance of essential services during emergencies; and for accomplishment of work assignments which often impose irregular hours and time expenditures far in excess of the conventional forty (40) hour work week. Under such circumstances, these employees neither expect nor receive overtime pay. However, upon being regularly required to work

throughout the year beyond the normal work week, an employee shall be provided up to two (2) weeks' annual management leave. Upon request of an employee, the City Manager or designee may authorize additional management leave. All leave granted pursuant to this Section must be used in the calendar year in which it is received, otherwise it is forfeited. At no time shall an employee's management leave bank exceed 80 hours.

For the 2014 calendar year only, employees may cash out up to fifteen (15) hours of Management Leave.

Effective 1/1/2015, employees may cash out up to thirty (30) hours of Management Leave each calendar year.

All requests for cash out must be submitted in writing to the Payroll department no later than December 1 of the respective year. Payout will be applied within two (2) pay periods of receipt of the request by the Payroll department. Payout will be applied to a bi-weekly payroll and employees will be responsible for all taxes associated with such payout.

## **12.00 DISPUTE RESOLUTION PROCEDURE**

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Any dispute which involves the interpretation or application of any provisions of this Memorandum of Understanding shall be processed and resolved through the following procedures:

1. The dispute shall be presented, in writing, either by the employee or by an authorized Association representative to Department Director or to such representative as he or she may designate within seven (7) calendar days after the cause of the dispute occurs.
2. The Department Director or a designated representative shall have seven (7) calendar days from the date of receipt of the dispute in which to respond. If the dispute is not satisfactorily resolved within this period, the dispute may be presented in writing either by the employee or by an authorized Association representative to the City Manager or designee.
3. If the parties are unable, within seven (7) calendar days, to reach a mutually-satisfactory resolution of any dispute, either the Association or the City may require that the dispute be referred to an impartial arbitrator. The arbitrator shall be designated by mutual agreement between the Association and the City Manager or designee. If such agreement is not reached within five (5) calendar days from the date of receipt of request to arbitrate, then the State Mediation and Conciliation Service of the State of California shall be requested to supply a list of seven (7) qualified and experienced labor arbitrators. If the Parties cannot agree on one of the seven to act as arbitrator, they shall strike names from the list of nominees alternately until the name of one nominee remains who shall thereupon become the arbitrator. The first Party to strike a name from the list shall be chosen by lot. The fees and expenses of the arbitrator and court reporter shall be borne by the City. Each party, however, shall bear

the cost of its own presentation, including preparation and post-hearing briefs, if any.

4. Decisions of arbitrators on matters properly before them shall be advisory to the City Manager or designee, whose decision shall be final.

No arbitrator shall entertain, hear, decide, or make recommendations on any dispute unless such dispute involves a position in a unit represented by the Association, and unless such dispute falls within the definition.

Proposals to add to or to change this Memorandum of Understanding or written agreements or addenda supplementary hereto shall not be arbitrable and no proposal to modify, amend, or terminate this Memorandum of Understanding, nor any manner of subject arising out of or in connection with such proposal, may be referred to arbitration under this section. No arbitrator shall have the power to amend or modify this Memorandum of Understanding or written agreements or addenda supplementary hereto or to establish any new terms or conditions of employment.

Disputes involving disciplinary actions, excluding written reprimands, taken against an employee must be filed in writing with the Human Resources Director or designee within seven (7) calendar days from the time the affected employee was notified of such action. If the employee is not satisfied with the response of the City Manager or designee, the dispute may within ten (10) days, be appealed to the Personnel Commission pursuant to Section 18.20 of the Personnel Rules by filing a written request of appeal with the Human Resources Director or designee.

All complaints involving or concerning the payment of compensation shall be initially filed in writing with the Human Resources Director or designee. Only complaints which allege that employees are not being compensated in accordance with the provisions of this Memorandum of Understanding shall be considered as disputes. Any other matters of compensation will be resolved in the meeting and conferring process and, if not detailed in the Memorandum of Understanding which results from such meeting and conferring process, shall be deemed withdrawn until the meeting and conferring process is next opened for such discussion. No resolutions shall be retroactive for more than sixty (60) days from the date upon which a complaint was filed.

The resolution of disputes under this section shall not abridge any rights to which an employee may be entitled under the Charter of the City of Hayward.

All resolutions of disputes by employees in the bargaining unit represented by the Association shall be processed under this section. If the City Charter requires that a different option be available to the employee, no action under subsection 2 above shall be taken unless

it is determined that the employee is not availing himself or herself of such option.

No action under subsection 2 above shall be taken if action on a complaint or dispute is pending before the Personnel Commission.

In consideration of Section 809 of the Charter of the City of Hayward, the Association and its members agree not to engage in any strike, work stoppage, slowdown, or any other form of concerted activity against the City of Hayward, the effect of which would interrupt or impair the services normally provided by employees covered by this Memorandum of Understanding. This provision shall remain in effect as long as the aforesaid City Charter sections are unchanged and operative.

## **13.00 MISCELLANEOUS PROVISIONS**

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### **13.01 Notification of Address**

All employees, including those on leave of absence, shall keep the Human Resources Director or designee informed as to their current home address at all times, no later than ten (10) days after such change of address.

### **13.02 Restrictions on Outside Work**

Gainful employment outside an employee's regular City position shall be considered a privilege subject to regulation and not a right. No employee shall engage in a gainful occupation outside his or her City position which is incompatible with employee's City employment or which is of such a nature as to interfere with satisfactory discharge of his or her regular duties. Any employee who wishes to engage in or accept such employment may do so after having first obtained written approval of the City Manager or designee. Approval of outside employment will be granted for a period not to exceed one (1) year. Employees wishing to continue outside employment will need to re-apply for approval of outside work upon expiration of current approval. Violation of this section shall be cause for disciplinary action.

### **13.03 Employee Health and Medical Examinations**

When, in the judgment of the Department Director and the City Manager, or designees, an employee's health or physical condition may have an adverse effect on the performance of duties or affect safety or health of fellow employees, the employee may be required to undergo a medical examination at City expense.

On the basis of authoritative medical advice, the City Manager shall determine whether an employee is physically incapacitated for the duties of the position, and may take whatever action he or she deems appropriate. The determination and resultant action may be the subject of appeal to the Personnel Commission for its review and recommendation.

### **13.04 Conversion of Compensatory Time**

An employee promoted from another representation unit to a classification in HAME will be required at the time of promotion to redeem all accrued compensatory time at the regular time hourly rate immediately prior to promotion. As an exception to the foregoing, an employee may elect to have the compensatory time transferred to the Deferred Compensation Plan pursuant to plan rules.

### **13.05 Announcement of Examination and Job Openings**

Examination announcements for classifications within the representation unit shall be distributed for posting on official bulletin boards at least two (2) weeks prior to the filing deadline. A copy of each examination announcement shall be provided to the Association.

### **13.06 Personnel Files**

An employee shall have the right to inspect and review any official record(s) relating to his or her performance as an employee or to a dispute concerning the employee which is kept or maintained by the City in the employee's personnel file in the Human Resources Department or in the employee's personnel file in their department. The contents of such records shall be made available to the employee for inspection and review at reasonable intervals during the regular business hours of the City. No material or information adverse to an employee's interest may be placed into an employee's personnel file without affording the employee a copy, an opportunity to acknowledge receipt, and notice of the right to submit a response to be attached and placed into the personnel file.

The City shall provide an opportunity for the employee to respond in writing to any information which is in the employee's personnel file about which he or she disagrees. Such response shall be submitted within forty five (45) work days after the employee has been notified and shall become a permanent part of the employee's personnel file.

### **13.07 Americans with Disabilities Act (ADA)**

The City recognizes its obligation under law to meet with individual employees who allege a need for reasonable accommodation in the workplace because of a disability. The City will engage in the interactive process with qualified employees to determine if a reasonable accommodation is available. In the case of an employee with a disability, managers and supervisors may be informed of necessary restrictions on the work or duties of the employee and any agreed upon reasonable accommodation.

### **13.08 Discipline and Discharge**

Discipline of employees in the classified service, including termination or discharge, shall be subject to the City's Personnel Rules.

## 14.00 PROFESSIONAL DEVELOPMENT FUND

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During the course of this MOU the City shall maintain a fund to provide resources for management employees to pursue professional development opportunities and enhancements. Initial funding shall be \$5,000 per fiscal year. This is intended to replace the existing educational reimbursement fund. At the end of each fiscal year of this contract the City shall review the educational reimbursement account to determine if the current funding is adequate. In the event funding of the account is not adequate, the City shall meet with HAME to discuss funding adjustments.

A. Eligibility.

1. Any full-time, permanent employee with at least three (3) months service may apply. Employees in a temporary, provisional, or part-time status are not eligible.

B. Required Qualifications.

Employees may make application to use the funds for:

1. Educational reimbursement
2. Conference registration
3. Professional meetings

Other areas may be considered as they directly apply to professional growth and development.

C. Procedures.

1. Prior to enrolling in a class or otherwise incurring an expense from the professional development fund the employee shall submit a completed Application for Educational Reimbursement to the Human Resources Department for preliminary review. The Human Resources Department will review the application and notify the employee's immediate supervisor and/or the affected department head as necessary. The Human Resources Department shall then inform the employee if the employee's application for reimbursement is approved or denied. If denied, the Human Resources Director or designee shall provide the rationale in writing to the employee within seven (7) days. Appeals of denials of educational reimbursement under this section may be made to the City Manager or designee.
2. If employees are required to engage in study of subjects that are required for the position, and are so directed by the City, the entire tuition, and other specifically approved expenses, will be considered training and development and paid by the department rather than covered under this section.

Effective July 1, 2007, a maximum of One Thousand Dollars (\$1000) will be available to an employee applying for reimbursement each fiscal year for the remainder of the term of this Memorandum of Understanding.

Such reimbursement is available only through the Human Resources Department, and as outlined in Administrative Rule 2.5 as may be periodically revised.

The City agrees to meet and consult with HAME on a conceptual comprehensive training program linked to performance before this Memorandum of Understanding expires.

## **15.00 SAFETY**

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The City agrees to provide a safe place to work consistent with the requirements to conduct efficient operations. The City will attempt to have all harmful substances used in the workplace labeled with an appropriate warning as to the hazardous properties of the contents, precautions to be taken, and antidotes to be used in the event of over-exposure. Manufacturers' labels, which address these concerns, shall satisfy the foregoing requirements.

Effective July 1, 2007, upon approval of the Department Director, or designee, employees shall be reimbursed up to one hundred ninety five dollars (\$195.00) per calendar year for safety shoes should it be determined said purchase of safety shoes is applicable to the job requirements of the requestor. The City shall provide other required safety equipment as needed.

## **16.00 REQUEST FOR FURTHER NEGOTIATIONS**

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- A. During the term of this agreement, either party may request further negotiations regarding the other post-employment benefits provided by the City under the terms of this agreement, including but not limited to further negotiations regarding options for reducing the costs to the City for providing retiree health insurance benefits.
- B. If, during the term of this agreement, any law is passed related to pension reform, or the City deems it necessary to implement a second tier retirement plan, either party may request further negotiations regarding the pension benefits provided by the City under the terms of this agreement, including but not limited to changes that will need to be made to the City's benefits to ensure legal compliance.
- C. The parties agree to meet within ten (10) days of when any request for further negotiation is made. Any further negotiations shall be conducted in accordance with the parties' obligations under the Meyers Milias Brown Act and/or the City's Employer Employee Relations Resolution. Any dispute regarding any further negotiations shall be excluded from the scope of the dispute resolution procedure contained in Section 12.00.
- D. During the term of this agreement, the City may request further negotiations regarding the pension benefits provided by the City, including but not limited to establishing a second tier of pension benefits. This request may be made irrespective of any pension reform legislation that may be implemented across the State.

**17.00 SCOPE OF AGREEMENT AND SEPARABILITY OF PROVISIONS**

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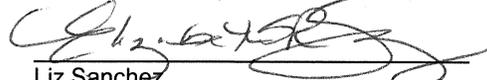
- A. Except as otherwise specifically provided herein, this Memorandum of Understanding fully and completely incorporates the understanding of the parties hereto and constitutes the sole and entire agreement between the parties in any and all matters subject to meet and confer.
- B. Should any section, clause or provision of this Memorandum of Understanding be declared illegal, unlawful or unenforceable, by final judgment of a court of competent jurisdiction, such invalidation of such section, clause, or provision, shall not invalidate the remaining portions hereof, and such remaining portions shall remain in full force and effect for the duration of this Memorandum of Understanding.
- C. Where a specific provision contained in a section of this Memorandum of Understanding conflicts with a specific provision contained in a section of the City Rules and Regulations, the provision of this Memorandum of Understanding shall prevail. It is recognized, however, that certain provisions of the City Rules and Regulations may be supplementary to the provisions of this Memorandum of Understanding or deal with matters not within the scope of representation and as such remain in full force and effect.
- D. This agreement shall continue in full force and effect from April 1, 2012 to and including June 30, 2015.

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES:**

  
\_\_\_\_\_  
Nan Barton

  
\_\_\_\_\_  
Todd Rullman

  
\_\_\_\_\_  
Erik Pearson

  
\_\_\_\_\_  
Liz Sanchez

  
\_\_\_\_\_  
David P. Clisham

**CITY OF HAYWARD:**

\_\_\_\_\_  
Fran David, City Manager

\_\_\_\_\_  
Frances Robustelli, Director of Human Resources

Made and entered into this \_\_\_\_\_ day of \_\_\_\_\_, 2012.

**APPENDIX A**

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**SALARY SCHEDULE**

<b>JOB CODE</b>	<b>DESCRIPTION</b>	<b>STEP</b>	<b>4/1/2012</b>
730	<b>ACCOUNTING MANAGER</b>	1	\$45.34
		2	\$47.61
		3	\$49.99
		4	\$52.49
		5	\$55.11
744	<b>ADMINISTRATIVE ANALYST I</b>	1	\$34.90
		2	\$36.65
		3	\$38.48
		4	\$40.40
		5	\$42.42
724	<b>ADMINISTRATIVE ANALYST II</b>	1	\$38.38
		2	\$40.30
		3	\$42.31
		4	\$44.43
		5	\$46.65
723	<b>ADMINISTRATIVE ANALYST III</b>	1	\$42.64
		2	\$44.77
		3	\$47.01
		4	\$49.36
		5	\$51.83
743	<b>ADMINISTRATIVE ASSISTANT</b>	1	\$27.30
		2	\$28.67
		3	\$30.10
		4	\$31.60
		5	\$33.18
713	<b>AIRPORT MANAGER</b>	1	\$56.50
		2	\$59.32
		3	\$62.29
		4	\$65.40
		5	\$68.67
732	<b>AIRPORT OPERATIONS MANAGER</b>	1	\$45.23
		2	\$47.49
		3	\$49.86
		4	\$52.35
		5	\$54.97

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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714	<b>ANIMAL SERVICES ADMINISTRATOR</b>	1	\$41.44
		2	\$43.51
		3	\$45.69
		4	\$47.97
		5	\$50.37
721	<b>ASSISTANT CITY ENGINEER</b>	1	\$56.56
		2	\$59.39
		3	\$62.36
		4	\$65.48
		5	\$68.75
745	<b>AUDITOR</b>	1	\$45.34
		2	\$47.61
		3	\$49.99
		4	\$52.49
		5	\$55.11
700	<b>BUDGET OFFICER</b>	1	\$45.34
		2	\$47.61
		3	\$49.99
		4	\$52.49
		5	\$55.11
740	<b>CITY BUILDING OFFICIAL</b>	1	\$56.50
		2	\$59.32
		3	\$62.29
		4	\$65.40
		5	\$68.67
775	<b>COMMUNICATIONS ADMINISTRATOR</b>	1	\$40.46
		2	\$42.48
		3	\$44.60
		4	\$46.83
		5	\$49.17
715	<b>COMMUNITY PRESERVATION INSPECTION SUPERVISOR</b>	1	\$39.78
		2	\$41.77
		3	\$43.86
		4	\$46.05
		5	\$48.35
737	<b>COUNSELING SUPERVISOR</b>	1	\$43.05
		2	\$45.20
		3	\$47.46
		4	\$49.83
		5	\$52.32

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HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES

731	<b>CRIME ANALYST</b>	1	\$42.64
		2	\$44.77
		3	\$47.01
		4	\$49.36
		5	\$51.83
728	<b>DATA &amp; SYSTEMS COORDINATOR</b>	1	\$45.50
		2	\$47.78
		3	\$50.17
		4	\$52.68
		5	\$55.31
747	<b>DEPUTY CITY CLERK</b>	1	\$32.63
		2	\$34.26
		3	\$35.97
		4	\$37.77
		5	\$39.66
787	<b>DESIGN &amp; CONSTRUCTION SERVICES MANAGER</b>	1	\$53.97
		2	\$56.67
		3	\$59.50
		4	\$62.48
		5	\$65.60
781	<b>DEVELOPMENT REVIEW ENGINEER</b>	1	\$49.19
		2	\$51.65
		3	\$54.23
		4	\$56.94
		5	\$59.79
711	<b>ECONOMIC DEVELOPMENT COORDINATOR</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77
709	<b>ECONOMIC DEVELOPMENT MANAGER</b>	1	\$56.50
		2	\$59.32
		3	\$62.29
		4	\$65.40
		5	\$68.67
710	<b>EMERGENCY MEDICAL SERVICES COORDINATOR</b>	1	\$43.05
		2	\$45.20
		3	\$47.46
		4	\$49.83
		5	\$52.32

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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738	<b>EQUIPMENT MANAGER</b>	1	\$48.18
		2	\$50.59
		3	\$53.12
		4	\$55.78
		5	\$58.57
760	<b>FACILITIES &amp; BUILDING MANAGER</b>	1	\$48.18
		2	\$50.59
		3	\$53.12
		4	\$55.78
		5	\$58.57
792	<b>FACILITIES MAINTENANCE SUPERVISOR</b>	1	\$35.68
		2	\$37.46
		3	\$39.33
		4	\$41.30
		5	\$43.37
734	<b>FINANCE SUPERVISOR</b>	1	\$41.20
		2	\$43.26
		3	\$45.42
		4	\$47.69
		5	\$50.07
771	<b>FLEET MANAGEMENT SUPERVISOR</b>	1	\$43.70
		2	\$45.89
		3	\$48.18
		4	\$50.59
		5	\$53.12
705	<b>HAZARDOUS MATERIALS PROGRAM COORDINATOR</b>	1	\$47.97
		2	\$50.37
		3	\$52.89
		4	\$55.53
		5	\$58.31
726	<b>HOUSING MANAGER</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77
772	<b>INFORMATION SYSTEMS MANAGER</b>	1	\$50.57
		2	\$53.10
		3	\$55.76
		4	\$58.55
		5	\$61.48

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HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES

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706	<b>JAIL ADMINISTRATOR</b>	1	\$40.46
		2	\$42.48
		3	\$44.60
		4	\$46.83
		5	\$49.17
702	<b>LAB SUPERVISOR</b>	1	\$44.59
		2	\$46.82
		3	\$49.16
		4	\$51.62
		5	\$54.20
753	<b>LANDSCAPE ARCHITECT</b>	1	\$45.52
		2	\$47.80
		3	\$50.19
		4	\$52.70
		5	\$55.34
752	<b>LANDSCAPE MAINTENANCE MANAGER</b>	1	\$48.18
		2	\$50.59
		3	\$53.12
		4	\$55.78
		5	\$58.57
761	<b>LANDSCAPE MAINTENANCE SUPERVISOR</b>	1	\$43.70
		2	\$45.89
		3	\$48.18
		4	\$50.59
		5	\$53.12
768	<b>LIBRARY OPERATIONS MANAGER</b>	1	\$36.01
		2	\$37.81
		3	\$39.70
		4	\$41.68
		5	\$43.76
799	<b>NEIGHBORHOOD DEVELOPMENT MANAGER</b>	1	\$56.50
		2	\$59.32
		3	\$62.29
		4	\$65.40
		5	\$68.67
703	<b>NEIGHBORHOOD PARTNERSHIP MANAGER</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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755	<b>NETWORK SYSTEMS SPECIALIST</b>	1	\$40.90
		2	\$42.95
		3	\$45.10
		4	\$47.35
		5	\$49.72
797	<b>PLANNING MANAGER</b>	1	\$56.50
		2	\$59.32
		3	\$62.29
		4	\$65.40
		5	\$68.67
720	<b>PRINCIPAL PLANNER</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77
725	<b>PROPERTY &amp; EVIDENCE ADMINISTRATOR</b>	1	\$42.57
		2	\$44.70
		3	\$46.94
		4	\$49.29
		5	\$51.75
776	<b>PROPERTY &amp; EVIDENCE SUPERVISOR</b>	1	\$38.71
		2	\$40.65
		3	\$42.68
		4	\$44.81
		5	\$47.05
708	<b>PUBLIC SAFETY INFORMATION SYSTEMS ADMINISTRATOR</b>	1	\$40.08
		2	\$42.08
		3	\$44.18
		4	\$46.39
		5	\$48.71
739	<b>PURCHASING &amp; SERVICES MANAGER</b>	1	\$47.23
		2	\$49.59
		3	\$52.07
		4	\$54.67
		5	\$57.40
763	<b>REAL PROPERTY MANAGER</b>	1	\$41.46
		2	\$43.53
		3	\$45.71
		4	\$48.00
		5	\$50.40

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**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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707	<b>RECORDS ADMINISTRATOR</b>	1	\$40.46
		2	\$42.48
		3	\$44.60
		4	\$46.83
		5	\$49.17
795	<b>REDEVELOPMENT DIRECTOR</b>	1	\$56.50
		2	\$59.32
		3	\$62.29
		4	\$65.40
		5	\$68.67
794	<b>REDEVELOPMENT PROJECT MANAGER</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77
729	<b>REVENUE MANAGER</b>	1	\$45.34
		2	\$47.61
		3	\$49.99
		4	\$52.49
		5	\$55.11
749	<b>SENIOR ACCOUNTANT</b>	1	\$41.20
		2	\$43.26
		3	\$45.42
		4	\$47.69
		5	\$50.07
788	<b>SENIOR CIVIL ENGINEER</b>	1	\$49.19
		2	\$51.65
		3	\$54.23
		4	\$56.94
		5	\$59.79
796	<b>SENIOR PLANNER</b>	1	\$45.52
		2	\$47.80
		3	\$50.19
		4	\$52.70
		5	\$55.34
770	<b>SENIOR TRANSPORTATION PLANNER</b>	1	\$45.52
		2	\$47.80
		3	\$50.19
		4	\$52.70
		5	\$55.34

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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765	<b>SENIOR UTILITIES ENGINEER</b>	1	\$49.19
		2	\$51.65
		3	\$54.23
		4	\$56.94
		5	\$59.79
785	<b>SOCIAL SERVICES PLANNING MANAGER</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77
727	<b>SOLID WASTE MANAGER</b>	1	\$42.64
		2	\$44.77
		3	\$47.01
		4	\$49.36
		5	\$51.83
756	<b>STREETS MAINTENANCE MANAGER</b>	1	\$48.18
		2	\$50.59
		3	\$53.12
		4	\$55.78
		5	\$58.57
764	<b>STREETS MAINTENANCE SUPERVISOR</b>	1	\$43.70
		2	\$45.89
		3	\$48.18
		4	\$50.59
		5	\$53.12
741	<b>SUPERVISING BUILDING INSPECTOR</b>	1	\$47.97
		2	\$50.37
		3	\$52.89
		4	\$55.53
		5	\$58.31
780	<b>SUPERVISING CONSTRUCTION INSPECTOR</b>	1	\$47.97
		2	\$50.37
		3	\$52.89
		4	\$55.53
		5	\$58.31
748	<b>SUPERVISING HOUSING INSPECTOR</b>	1	\$47.97
		2	\$50.37
		3	\$52.89
		4	\$55.53
		5	\$58.31

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HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES

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736	<b>SUPERVISING LIBRARIAN I</b>	1	\$36.01
		2	\$37.81
		3	\$39.70
		4	\$41.68
		5	\$43.76
798	<b>SUPERVISING PLAN CHECKER &amp; EXPEDITOR</b>	1	\$40.93
		2	\$42.98
		3	\$45.13
		4	\$47.39
		5	\$49.76
778	<b>SURVEY ENGINEER</b>	1	\$45.52
		2	\$47.80
		3	\$50.19
		4	\$52.70
		5	\$55.34
757	<b>TRANSPORTATION MANAGER</b>	1	\$50.82
		2	\$53.36
		3	\$56.03
		4	\$58.83
		5	\$61.77
784	<b>UTILITIES FIELD SERVICES SUPERVISOR</b>	1	\$46.82
		2	\$49.16
		3	\$51.62
		4	\$54.20
		5	\$56.91
766	<b>UTILITIES MAINTENANCE SUPERVISOR</b>	1	\$44.59
		2	\$46.82
		3	\$49.16
		4	\$51.62
		5	\$54.20
716	<b>UTILITIES OPERATIONS &amp; MAINTENANCE MANAGER</b>	1	\$49.44
		2	\$51.91
		3	\$54.51
		4	\$57.24
		5	\$60.10
773	<b>UTILITIES OPERATIONS &amp; MAINTENANCE SUPERVISOR</b>	1	\$46.82
		2	\$49.16
		3	\$51.62
		4	\$54.20
		5	\$56.91

**HAYWARD ASSOCIATION OF MANAGEMENT EMPLOYEES**

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735	<b>UTILITIES SUPERINTENDENT</b>	1	\$60.24
		2	\$63.25
		3	\$66.41
		4	\$69.73
		5	\$73.22
793	<b>WATER INSTALLATION &amp; MAINTENANCE SUPERVISOR</b>	1	\$38.78
		2	\$40.72
		3	\$42.76
		4	\$44.90
		5	\$47.14
769	<b>WATER POLLUTION CONTROL ADMINISTRATOR</b>	1	\$44.59
		2	\$46.82
		3	\$49.16
		4	\$51.62
		5	\$54.20
759	<b>WATER POLLUTION CONTROL FACILITY MANAGER</b>	1	\$54.76
		2	\$57.50
		3	\$60.37
		4	\$63.39
		5	\$66.56
719	<b>WATER POLLUTION CONTROL FACILITY MAINTENANCE SUPERVISOR</b>	1	\$44.59
		2	\$46.82
		3	\$49.16
		4	\$51.62
		5	\$54.20
717	<b>WATER POLLUTION CONTROL FACILITY OPERATIONS &amp; MAINTENANCE MANAGER</b>	1	\$49.44
		2	\$51.91
		3	\$54.51
		4	\$57.24
		5	\$60.10
718	<b>WATER POLLUTION CONTROL FACILITY OPERATIONS SUPERVISOR</b>	1	\$44.59
		2	\$46.82
		3	\$49.16
		4	\$51.62
		5	\$54.20
790	<b>YOUTH &amp; FAMILY SERVICES ADMINISTRATOR</b>	1	\$54.90
		2	\$57.65
		3	\$60.53
		4	\$63.56
		5	\$66.74

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member \_\_\_\_\_

RESOLUTION AUTHORIZING THE SALARY AND BENEFITS FOR THE UNREPRESENTED MANAGEMENT EMPLOYEES, HUMAN RESOURCES AND CITY ATTORNEY EMPLOYEES

WHEREAS, the City of Hayward's Unrepresented Management Employees consists of the City's Department Directors and Deputy Department Directors, Assistant and Deputy City Attorneys in the City Attorney's Office, the Operations Support Services Manager in the Police Department and Human Resources Staff (collectively "Unrepresented Employees"), and

WHEREAS, the City of Hayward is facing a projected General Fund deficit of \$14.9 million for FY 2013, which is projected to grow to \$19 million in FY 2014 if no changes are made; and

WHEREAS, the City requested employees consider changes to wage and benefit packages that would result in a 17% reduction in personnel costs; and

WHEREAS, the Unrepresented Employees participated in informal group discussions to provide feedback on the best way to achieve General Fund savings through reductions to employee wages and benefits that were ongoing and structural in nature; and

WHEREAS, the costs associated with Unrepresented Employees wages and benefits were reduced in FY 2012 through increases in employee contributions to the medical and retirement plan and the elimination of City paid contributions to the deferred compensation 457b plan, which are both ongoing and structural changes; and

WHEREAS, the Salary and Benefits Resolution, is amended to reflect additional ongoing and structural changes that meet the 17% savings target identified by the City, phased in over a period of three fiscal years; and

WHEREAS, the amended resolution also addresses administrative changes which include legal updates and changes which provide immediate or long-term fiscal savings; and

WHEREAS, the proposed changes will save the City's General Fund approximately \$1.5 million over a three year period.

NOW, THEREFORE, BE IT RESOLVED that the City Council hereby approves the amendments to the Unrepresented Management Employees Salary and Benefits Resolution, effective April 1, 2012, a copy of which is attached as Exhibit 1.

IN COUNCIL, HAYWARD, CALIFORNIA \_\_\_\_\_, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: COUNCIL MEMBERS:  
MAYOR:

NOES: COUNCIL MEMBERS:

ABSTAIN: COUNCIL MEMBERS:

ABSENT: COUNCIL MEMBERS:

ATTEST: \_\_\_\_\_  
City Clerk of the City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney of the City of Hayward

# Salary and Benefits Resolution

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*for*

***UNREPRESENTED MANAGEMENT, HUMAN  
RESOURCES & CITY ATTORNEY EMPLOYEES***

**Effective April 1, 2012**

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**UNREPRESENTED MANAGEMENT, HUMAN RESOURCES  
& CITY ATTORNEY EMPLOYEES**

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**UNREPRESENTED MANAGEMENT, HUMAN RESOURCES  
& CITY ATTORNEY EMPLOYEES**

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## **1.00 COMPOSITION**

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The employee classifications subject to this Resolution shall be comprised of the classifications of employment listed in Appendix A to this Resolution and any other classification of employment which may hereafter be assigned by the City Manager in accordance with the provisions of the City of Hayward Personnel Rules governing unit determination and modification.

## **2.00 PROBATIONARY PERIOD**

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### **2.01 Appointments Not Subject to Probationary Period**

All employees in positions identified in Appendix B as being members of the unclassified service are not subject to this Section 2.00. Employees in the unclassified service are “at-will” employees who can be separated from employment at any time, with or without cause. Employees who move from positions in the classified service to employees in the unclassified service will be required to sign a notification and acknowledgment of at-will employee as a condition of employment.

### **2.02 Appointments Subject to Probationary Period**

All employees who are identified in Appendix B as being members of the classified service shall serve a probationary period as provided in this Section. The probationary period shall be regarded as a part of the selection process and shall be utilized for closely observing the employee's work and for securing the most effective adjustment of a new employee to his or her position.

All appointments to the classified service (other than temporary and provisional appointments or appointments to part-time positions that are regularly scheduled to work less than twenty (20) hours per week) shall be subject to a probationary period. The regular period of probation shall be six (6) months, but longer periods may be specified in individual classification descriptions and shall apply to all positions in the classification. Extension of probationary periods up to a maximum of six (6) months may be approved by the City Manager or designee in individual cases.

### **2.03 Release of Probationer**

During the probationary period an employee in the classified service may be released at any time without right of appeal. Written notice of release designating the effective date of such action shall be furnished to the probationer. Persons employed in part-time positions scheduled for less than twenty (20) hours per week are excluded from the classified service and may be released at any time without right of appeal.

## **2.04 Release Following Promotion**

Any employee in the classified service may be released during the probationary period following promotion to another position in the classified service. The employee released shall be reinstated to his or her former position or to a position in the class from which he or she was promoted, unless the reason for the release is cause for dismissal. The employee will be reinstated to the salary step held before the promotion. If no vacancy exists in this former class, the employee with the least amount of time in this class shall be demoted to the most recent class in which he or she has satisfactorily served. If any employee is released by such action such employee shall be placed on a reemployment register for the classification from which released.

Any employee who is released during a probationary period following promotion to another position in the classified service and whose release is cause for dismissal shall retain appeal rights to the dismissal from City employment but not the right to appeal his or her release from the position from which demoted.

## **2.05 Effect of Leaves on Probationary Period**

Periods of time on paid or unpaid leave of one (1) week or more shall automatically extend the probationary period of any employee on probation. The length of the extension shall be equal to the length of the individual's placement on paid or unpaid leave.

## **2.06 Effective Date of Regular Status**

Upon attaining regular status as a member of the classified service, the effective date shall revert to the date of initial probationary appointment.

## **3.00 LAYOFFS, RESIGNATIONS & TERMINATIONS**

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### **3.01 Layoffs**

Whenever there is a lack of work or a lack of funds requiring reduction in personnel in a department or division of the City government, the required layoffs shall be made as the City Manager may designate in accordance with the following procedures:

- A. Employees shall be laid off in inverse order of their length of service within the affected job classification. A layoff out of the inverse order of seniority may be made if, in the City Manager's judgment, retention of special job skills are required.

1. Length of service for the purpose of this Section 3.01 shall mean an employee's continuous uninterrupted service in the classification affected by the layoff. Length of service is determined based on date of appointment in the affected classification and includes time spent as a probationary or part-time employee in that classification. Length of service includes all days of attendance at work and authorized leaves

of absence. Length of service does not include unauthorized absences or periods of suspension or layoff. Length of service shall not include time spent in a provisional or acting appointment in the affected classification unless such provisional or acting appointment was contiguous with appointment to such classification in a probationary or part-time status.

2. An interruption in length of service within a classification shall occur as a result of any one of the following:
    - a. Discharge for cause.
    - b. Voluntary resignation.
    - c. Retirement for service or disability.
    - d. Absence from work for twenty-four (24) consecutive months because of layoff.
    - e. Failure to return from layoff as provided in Section 3.02.
    - f. Failure to return from an approved leave of absence upon the date specified for return at the time said approval was granted.
  3. In cases where there are two (2) or more employees in the same classification from which the layoff is to be made who have the same seniority date, the original date of hire as a probationary or part-time employee with the City shall be used to determine which employee has greater length of service within the classification. The employee with the earlier original date of hire with the City shall be considered to have the greater length of service within the classification in this situation.
  4. In cases where there are two (2) or more employees in the same classification from which the layoff is to be made who have the same seniority date and original date of hire with the City, actual hours worked shall be used to determine which employee has greater length of service within the classification. The employee with more hours worked in the classification shall be considered to have the greater length of service within the classification in this situation.
- B. Within each affected job classification, employees will be laid off in the following order, unless special skills are required: all provisional employees shall be laid off before probationary employees and all probationary employees shall be laid off before any regular employees provided, however, that part-time employees whose length of service is less than any probationary or regular employee shall be laid off before such probationary or regular employee. Thereafter, if additional reductions in personnel are required, those employees with the least length of service within the affected classification shall be laid off.

- C. Any regular, probationary or part-time employee in the classified service who is designated to be laid off and who has held regular status in a lower or equal classification within the City may displace an employee in the lower or equal classification provided that the employee exercising the displacement privilege has greater classification length of service than the incumbent in the class to which the employee is bumping. If the employee in the higher classification has not held status in a lower classification in the department, then no displacement rights accrue as to that individual.
1. Bumping rights afforded an employee in the classified service pursuant to this section shall include access to those classifications in which employee has previously served but which may since have been re-titled but where, as determined by the City Manager or designee no substantive changes have been made in the duties or qualifications for the classification(s) in question.
  2. Prior to employees being laid off the Human Resources Department shall furnish to affected employees, upon request, status registers for all affected classifications in this group. Said lists shall include the names of all present employees who have held these classifications, their appointment dates and length of service thereto.
  3. An employee eligible to bump into another classification pursuant to this paragraph (C) shall have five (5) calendar days after notice of assignment by the City Manager or designee to a position in that classification in which to accept such assignment. If the affected employee fails to accept such assignment within said five (5) calendar day period, the employee shall be laid off. An employee so assigned shall be placed at a salary step in the range for the classification to which he or she bumps which is closest to the employee's former rate of pay but which does not exceed the salary step held by the employee in the classification from which displaced.
  4. In the event an employee bumps to an occupied or vacant position that is "flexibly" staffed as reflected in the Positions and Salaries Resolution, assignment to said position shall be at the level at which the position was staffed at the time of layoff.
- D. Employees scheduled for layoff will be given at least fourteen (14) calendar days advance notice, if possible. The City shall attempt, in so far as is possible, to accomplish any contemplated reduction in personnel by attrition rather than by layoff.
- E. In the event employees are scheduled to be laid off, other employees with greater length of service within the same classification may elect to be laid off in lieu of those employees scheduled for such layoff.

### 3.02 Rights of Return Following a Layoff

As position vacancies in the classified service occur, employees on layoff and those occupying positions to which they have bumped shall be afforded return rights in the order of their length of service in the classification(s) in which such vacancies occur.

- A. An employee shall have ten (10) calendar days from the mailing by certified mail of a notice of return to work to his or her address of record on file in the Human Resources Department to indicate acceptance of such return and his or her agreement to report for work as specified in the notice.
- B. Employees in layoff status shall retain all credited sick leave earned but unused at the time of layoff less any amounts paid out. An employee who is laid off shall not earn vacation leave credit while in layoff status.
- C. Employees who are displaced from positions in the classified service by virtue of layoff shall be placed on a reemployment register for the classification they held at the time the layoff occurred, hereinafter referred to as the "primary" register. They shall also be placed on reemployment registers for classifications previously served in, hereinafter referred to as "secondary" registers. If an employee fails to respond to a notice of return within the prescribed time period or declines to return from layoff to a secondary register classification, the employee's name shall be removed from said secondary register and employee shall no longer be eligible for recall to that classification. If an employee fails to respond to a notice of return within the prescribed time period or declines return to the primary register classification, he or she will be considered to have voluntarily resigned from employment with the City. Notices will be sent to the employee's last address on record with the City.
- D. Full-time employees who have bumped to a part-time position, or who have been recalled from layoff to a part-time position, shall be afforded an opportunity to return to full-time status as position openings become available. Such right of return shall be subject to the "length-of-service" and "service within classification" requirements provided in Sections 3.01 and 3.02 of this Resolution.
- E. Employees who request and are granted voluntary demotion to a vacant position in lieu of layoff shall be afforded the same rights of return as employees who have exercised bumping rights.
- F. An employee who, in lieu of layoff, was transferred to another position within the same classification shall be notified of an opening in his or her previous position and shall be afforded an opportunity to apply for reinstatement to that position.
- G. Primary and secondary registers shall be valid for a period of two (2) years.

### 3.03 Resignations

Any employee wishing to leave the employ of the City in good standing shall file with his or her Department Director or designee or, in the case of a

Department Director, with the City Manager, a written resignation stating the effective date and reasons for leaving. The written resignation must be filed at least two (2) weeks before the planned separation date unless the City Manager or designee waives such time limit. A resignation becomes final when accepted by the person receiving the resignation. Once the resignation is accepted, it cannot be withdrawn. A statement as to the resigned employee's service performance and other pertinent information shall be forwarded to the Human Resources Department. Failure to submit a written resignation as provided in this Section shall be entered on the service record of the employee and may be cause for denying future employment with the City.

### **3.04 Terminations**

An employee in the unclassified service may be terminated or discharged from employment at any time by the City Manager. Whenever it is the intention of the City Manager to discharge an employee, the Director of Human Resources shall be notified.

Discipline of employees in the classified service, including termination or discharge, shall be subject to the City's Personnel Rules.

## **4.00 WORK SCHEDULES**

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### **4.01 Work Week**

The normal work week for all full-time employees shall consist of forty (40) hours during each seven (7) day work period.

### **4.02 Work Schedules**

The normal work week for all full-time employees shall consist of forty (40) hours during each seven (7) day work period. The City reserves the right to implement business closures during the calendar week in which the Thanksgiving holiday is observed and on those days between the City's observance of Christmas and New Year's Day. If the City exercises the right to implement business closures during these times, employees will be permitted to use available accrued vacation or management leave balances. Employees who do not have sufficient leave balances for the entire period will be in an unpaid status. No leave balances will be advanced.

In lieu of using accrued leave balance, employees may elect to be in an unpaid status during any business closure. For purposes of business closures only, employees who elect to take time off unpaid during City designated business closures will be eligible for Holiday Pay as if they were in a paid status. In exercising the right to implement business closures, the City Manager or designee has sole discretion in determining which departments and/or positions will be affected by the closure.

#### **4.03 Overtime**

It is the policy of the City that overtime work is to be kept to a minimum, consistent with the protection of lives and property of its citizens and the efficient operation of activities of the City and shall be authorized by the Department Directors or designee. Overtime-eligible employees are not permitted to work overtime except as the Department Directors or designee authorizes or directs. No employee may work overtime without receiving the prior approval of the appropriate supervisor prior to performing the work. Working overtime without advance approval is grounds for discipline.

Overtime is all hours an overtime-eligible employee actually works over forty (40) hours in his or her workweek. Overtime is compensated at 1.5 times the Fair Labor Standards Act (FLSA) regular rate of pay. Only actual hours worked shall be counted toward the forty (40) hour threshold for purposes of calculating overtime owed under the FLSA.

For purposes of computing overtime, the regular work week for an employee shall be a seven (7) day cycle as established by the Human Resources Director. All overtime entitlements shall be computed to the nearest tenth of an hour (6 minute increments).

Employees may request, and subject to approval of the Department Director or designee, compensatory time in lieu of overtime pay. Compensatory time accrual cap shall be forty (40) hours. The compensatory time cap shall be maintained on a continuous pay period basis.

An employee's eligibility to receive overtime compensation for services performed shall be determined in accordance with the FLSA. Those employees who are classified as "exempt" under the FLSA shall not be eligible to receive overtime.

#### **4.04 Work Performed During Disaster**

Overtime exempt employees who are required to work during a declared civil emergency shall not receive additional compensation for hours worked in excess of their regular work day or work week. All employees shall have the duty and obligation to perform emergency work upon request of proper authority declaring such emergency.

### **5.00 BENEFIT PLANS**

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#### **5.01 Medical Insurance**

The City currently contracts with the Public Employees' Retirement System (PERS) for the purpose of providing medical insurance benefits for active employees and their eligible dependents, eligible retired employees, and eligible survivors of retired employees. Eligibility of a dependent to participate in this program shall be in accordance with the terms of the Public Employees' Medical and Hospital Care Act (PEMHCA). Eligibility of retired employees and survivors of retired employees to participate in this program shall be in accordance with those provisions of the PEMHCA providing for participation by "annuitants."

The City's employer contribution towards medical insurance benefits for each eligible employee shall be the minimum contribution amount required by Government Code Section 22892. Contributions provided under this section are required only to the extent mandated by the PEMHCA.

During the calendar year 2012, the City will provide an employer contribution of \$112.00 per month to CalPERS for each eligible active employee towards the purchase of medical insurance benefits.

In the event PERS requires a minimum employer payment in excess of the amounts recited above, the City shall pay such additional amounts as approved by the City Council. Because PERS may change carriers and plans, the City shall not be required to provide a specific insurance coverage and shall only be required to provide those benefits as described in this Section so long as the City contracts for benefits with PERS for medical insurance benefits.

The City will provide each eligible annuitant, as defined by the PEMHCA, with an employer contribution towards medical insurance benefits that is equal to any contribution provided to an active employee under this section 5.01.

## **5.02 Flexible Benefits Allowance**

The City shall continue to provide a Flexible Benefit Allowance for each full-time employee in regular or probationary status who is enrolled in one of the PERS medical insurance plans offered by the City. The allowance provided shall be equal to ninety percent (90%) of the premium cost for health insurance coverage based on the employee's plan selection and participation level eligibility (e.g., Employee only coverage, Employee + 1 coverage, or Employee + 2 coverage), less the amount of any contribution provided under Section 5.01 of this Resolution. This City's maximum contribution shall not exceed the cost of ninety percent (90%) of the premium for the second most expensive benefit plan (currently Blue Shield) as determined by the employees participation level, less the City's contribution towards medical benefits under PEMHCA, except that, in no event shall the sum of the City's contributions pursuant to the provisions of Section 5.01 and 5.02 of this Resolution exceed ninety percent (90%) of the premium cost for the PERS medical insurance plan in which the employee is enrolled.

Effective with the pay period that includes July 1, 2014, the allowance provided shall be equal to eighty percent (80%) of the premium cost for health insurance coverage based on the employee's plan selection and participation level eligibility (e.g., Employee only coverage, Employee + 1 coverage, or Employee + 2 coverage), less the amount of any contribution provided under Section 5.01 of this Resolution. This City's maximum contribution shall not exceed the cost of eighty percent (80%) of the premium for the second most expensive benefit plan (currently Blue Shield) as determined by the employees participation level, less the City's contribution towards medical benefits under PEMHCA, except that, in no event shall the sum of the City's contributions pursuant to the provisions of Section 5.01 and 5.02 of this Resolution exceed eighty percent (80%) of the premium cost for the PERS medical insurance plan in which the employee is enrolled.

The City shall continue to provide Flexible Benefit Allowances as provided in this Section unless amended or repealed by the City Council.

Contributions to an employee's Flexible Benefit Account shall be used only for payment of those benefits that are available through the City's Flexible Benefits Plan. The City will not treat any contributions made to the Flexible Benefits Plan as compensation subject to income tax withholding unless the Internal Revenue Service and/or Franchise Tax Board indicates that such contributions are taxable income subject to withholding. Each employee shall be solely and personally responsible for any federal, state, or local tax liability of the employee that may arise out of the implementation of this section or any penalty that may be imposed therefore.

Each employee shall file an election in writing during the month of open enrollment for medical insurance each year as to how the monies in his or her Flexible Benefits Account are to be expended during the ensuing year. Thereafter, no changes to designations so made shall be allowed until the enrollment of the following year, except for changes due to an eligible qualifying event.

Each employee shall be responsible for providing immediate written notice to the Director of Human Resources or designee of any change to the number of his or her dependents which affects the amount of the City's payment to the Flexible Benefits Account. An employee who, by reason of failing to report a change in dependents, receives a City payment greater than the amount to which he or she is entitled shall be liable for refunding the excess amounts received via a reduction in the amount paid to employee's Flexible Benefits Account in subsequent months. Changes to flexible benefit contributions associated with changes in an employee's number of dependents shall take effect at the start of the first pay period in the month following the month in which notice of the change is received by the Human Resources Department. No retroactive increases to the Flexible Benefit Allowance provided by the City shall be allowed.

### **5.03 Federal or State Health Plan**

If, pursuant to any federal or state law which may become effective subsequent to the effective date of this Resolution, the City is required to pay contributions or taxes for hospital, medical, dental care, prescription drug or other health benefits to be provided employees under such federal or state act, the City's obligation to furnish the same benefits under the Hospital Medical-Surgical-Dental Care and Prescription Drug Plans shall be suspended and the contributions agreed to be paid monthly hereunder by the City under Sections 5.01, 5.02, and 5.05 of this Resolution shall be reduced each month by the amounts which the City is required to expend during any such month in the form of contributions or taxes to support said federal or state health plan.

If, as a result of such a law, the level of benefits provided by such law for any group of employees or their dependents, is lower in certain categories of services than that provided under Sections 5.01, 5.02, and 5.05, the City shall, to the extent practicable, provide a plan of benefits supplementary to the federal or state benefits so as to make benefits in each category of coverage as nearly comparable as possible to the benefits provided under said Sections 5.01, 5.02, and 5.05. The City need only expend for this purpose the actual amount required to achieve parity between the benefits agreed to be provided under Sections 5.01, 5.02, and 5.05 and the benefits

provided under any federal or state plan as supplemented in the manner hereinabove described.

If the benefits provided under the federal or state act exceed the benefits provided hereunder in each category of coverage, the City shall be under no further obligation to make any contribution in pursuance of this section. In the event that the federal or state government enacts a health care program requiring contributions by employees, such employee contribution shall be reimbursed by the City to the amount by which said employee contribution reduces the City contribution required by the terms of this Resolution.

## **5.04 Alternate Benefits**

- A. An alternate benefit in the form of a cash payment is available to those full-time employees in regular or probationary status who: (1) elect to opt-out of receiving City contributions under Section 5.01 and 5.02; (2) are not enrolled in a City-sponsored health insurance plan as the dependent of another City employee; and (3) provide proof of medical insurance coverage from a plan other than a City-sponsored plan.

Any cash payments provided under this section shall be reported to the Internal Revenue Service (IRS) and the California Franchise Tax Board as compensation subject to income tax withholding. Each employee shall be solely and personally responsible for any tax liability that may arise out of the implementation of the alternate benefits. The amount of alternate benefit provided to an employee is based on the level of insurance coverage that the employee could have received if he or she had enrolled in a City-sponsored health insurance plan, as follows:

Employee only .....	\$150.00 per month
Employee and one (1) dependent.....	\$270.00 per month
Employee and two plus (2+) dependents.....	\$350.00 per month

- B. A full-time employee who does not receive a City contribution under Section 5.01 and 5.02 and who is enrolled in a City-sponsored health insurance plan as the dependent of another City employee may be eligible to receive an alternative benefit as provided in this subsection. If the cost to the City of providing an employee with benefits as the dependent of another is less than the cost of enrolling the employee separately in a City-sponsored health insurance plan, then the individual enrolled as a dependent may receive an alternative benefit. The amount of any alternative benefit shall be equal to the amount of savings to the City for enrollment of the employee as a dependent, up to a maximum alternative benefit of \$150 per month.

The following examples illustrate how alternative benefits will be provided to employees who are enrolled as a dependent in a City-sponsored health insurance plan. For purpose of these examples, assume the following amounts as the City's total costs towards providing benefits under Section 5.01 and 5.02:

Employee only - total cost of \$500 per month
Employee and one (1) dependent – total cost of \$1,000 per month

Employee and two (2) or more dependents – total cost of \$1,400 per month

Example 1. Employee A and B are spouses who both work for the City of Hayward. Employee A participates in City-sponsored health insurance at the Employee plus 1 level (City cost of \$1,000 per month), with Employee B enrolled as Employee A's one dependent. If each employee was to participate in a City-sponsored plan as individual employees, then the City's cost would be \$500 per month for each employee (or a total of \$1,000 per month for two people, each enrolled individually at the employee only level). Since there is no cost savings to the City for enrolling Employee B as a dependent of Employee A, and vice-versa, then neither employee is eligible to receive an alternative benefit.

Example 2. Employee A and B are spouses who both work for the City of Hayward. They have one child. Employee A participates in City-sponsored health insurance at the Employee +2 or more level (City cost of \$1,400 per month), with Employee B and the child enrolled as Employee A's dependents. If Employee B was to enroll in a City sponsored plan individually (City cost of \$500), and Employee A's participation was modified to the Employee +1 (City cost of \$1,000), the City's total cost for providing benefits to both employees would increase from \$1,400 to \$1,500 per month. Since the City realizes a \$100 savings per month due to Employee B's enrollment as a dependent of Employee A, Employee B is eligible to receive an alternative benefit. The amount of this alternative benefit will be \$100 per month.

Example 3. Employee A and B are spouses who both work for the City of Hayward. They have two children. Employee A participates in City-sponsored health insurance at the Employee + 2 or more level (City cost of \$1,400 per month), with Employee B and the two children enrolled as Employee A's dependents. If Employee B was to enroll in a City sponsored plan individually (City cost of \$500), and Employee A continued to participate in Employee +2 or more benefits with the two children as dependents (City cost of \$1,400), the City's costs for providing benefits to both employees would increase from \$1,400 to \$1,900 per month. Since the City realizes a \$500 savings per month due to Employee B's enrollment as a dependent of Employee A, Employee B is eligible to receive an alternative benefit. The amount of this alternative benefit will be \$150 per month (the maximum alternative benefit available to employees enrolled as dependents of another employee).

- C. Enrollment in alternative benefits has to be elected each year during open enrollment. Benefit eligibility and alternative benefit amounts may vary from year to year depending on plan premiums.
- D. The provisions of this section shall be administered in accordance with regulations issued by the City Manager or designee which shall include, but not be limited to, the method and frequency of reimbursement to employees for the alternate benefits program(s) selected; the frequency with which employees may exercise the option to change alternate benefits programs; and appropriate

procedures for the verification of payments made in pursuance of this section.

## **5.05 Supplemental Retirement Benefit**

Employees who retire from the City are eligible to receive a supplement retirement benefit. This benefit shall be equal to \$237.31, less the amount provided for under Section 5.01 above. This Supplement benefit is provided in the form of cash to the retiree on a monthly basis. In order to receive this benefit, the employee must begin receiving pension benefits within one-hundred and twenty (120) days of leaving City employment. Retirees are solely responsible for any tax consequences associated with the receipt of benefits under this section.

## **5.06 Dental Insurance**

The City shall contribute towards dental insurance coverage for full-time employees, other than temporary and provisional employees, and their eligible dependents as provided in this Section.

For eligible employees hired before April 1, 2012, who are enrolled in a City-sponsored dental plan, the City shall pay the full cost of premiums for participating in that plan through June 2013. Beginning with the pay period that includes July 1, 2013, the City's contribution on behalf of an eligible employee participating in a City-sponsored dental plan shall be equal to eighty percent (80%) of the monthly premium for dental insurance, as determined by the employee's enrolled participation level in the City sponsored dental plan. Employees enrolled in dental insurance are required to contribute the remaining twenty percent (20%) of the premium costs for dental insurance coverage.

For eligible employees appointed to a position in this bargaining unit on or after April 1, 2012, who enroll in a City-sponsored dental plan, the City shall contribute an amount equal to eighty percent (80%) of the monthly premium for dental insurance, as determined by the employee's enrolled participation level in the City sponsored dental plan. Employees enrolled in dental insurance are required to contribute the remaining twenty percent (20%) of the premium costs for dental insurance coverage.

Monthly premium rates are established on a calendar year basis by the insurance provider, or in the case of a self-funded plan, by a third party examining plan utilization review, market trends, overall plan costs and any other industry standard metrics deemed necessary by the third party.

Currently, the City provides insurance coverage through a Delta Dental plan which includes the following: one-hundred percent (100%) payment of diagnostic and preventative services; eighty percent (80%) payment for other basic services, and crowns and caps restorations; seventy percent (70%) payment for prosthodontics; seventy percent (70%) payment for orthodontics (adults and children). Deductibles each calendar year shall be \$25.00 per person with a maximum of \$75.00 per family. Maximum benefit payments shall be \$2,000 per year for each patient except for orthodontics which shall carry a \$2,500 lifetime maximum benefit per patient.

The City reserves the right to provide dental care benefits under a plan or through a carrier of its choice. Alternate coverage may be provided through a consortium of public agencies or private employers which may be formed for the purpose of providing dental care benefits for employees or through a program of self-insurance. In the event the City exercises this option the alternate coverage shall be substantially equivalent to the coverage in effect at such time as a change in carriers takes effect.

### **5.07 Life Insurance**

The City shall pay the cost of providing each employee with a group term life insurance policy equivalent to the employee's annual gross salary. The policy shall include accidental death and dismemberment coverage and the right to conversion at the time of termination of employment to a form of permanent coverage without medical restrictions nor the requirement to demonstrate evidence of insurability.

### **5.08 Disability Insurance**

The City shall continue in effect, at no cost to the employee, the Short Term/Long Term Disability Insurance policy with CIGNA; or any other such successor program which provides benefits comparable to those available under the CIGNA policy. This program shall provide short-term disability benefits based upon two-thirds (2/3) of an employee's current gross salary, up to \$1,390/week, after a twenty-eight day (28) waiting period. Beginning in the fourth month, the long-term disability plan shall provide benefits based upon two-thirds (2/3) of an employee's current gross salary, up to \$7,000/month.

### **5.09 Vision Care**

The City shall contribute towards vision care insurance for full-time employees and their eligible dependents. Currently, the City provides vision insurance coverage through VSP, under a plan that provides for a \$15.00 deductible, and an eye examination, lenses and frames once per year.

For eligible employees hired before April 1, 2012, who enroll in a City sponsored vision plan, the City shall pay the full cost of premiums for participating in a City sponsored vision plan through June 2013. Beginning with the pay period that includes July 1, 2013, the cost of the monthly premium shall be shared equally (50/50) between the employee and the City.

For eligible employees appointed to a position in this bargaining unit on or after April 1, 2012, who enroll in a City sponsored vision plan, the cost of the monthly premium shall be shared equally (50/50) between the employee and the City.

Monthly premium rates are established on a calendar year basis by the insurance provider, or in the case of a self-funded plan, by a third party examining plan utilization review, market trends, overall plan costs and any other industry standard metrics deemed necessary by the third party

The City reserves the right to provide vision care benefits under a self-funded plan or through a carrier of its choice. Alternate coverage may be provided through a consortium of public agencies or private employers which may be

formed for the purpose of providing vision care benefits for employees, or through a program of self-insurance. In the event the City exercises this its option to move to a self-funded plan or to change insurance carriers, any new benefit plan shall provide coverage that is substantially equivalent to the coverage available at the time this option is exercised.

## **5.10 Medical, Dental, Vision, Flexible and Alternate Benefits for Certain Part-Time Employees**

Employees who are hired in part-time status and full-time employees who voluntarily assume part-time status shall be entitled to participate in group medical, dental, and vision insurance programs, and to receive a payment from the City to be applied to such plans subject to the following conditions:

1. Except as provided in Section 2 below, only those employees hired into positions budgeted for twenty (20) or more hours per week and who consistently work twenty (20) or more hours per week shall be entitled to coverage under group medical and dental plans.
2. The City's contributions towards medical insurance for part-time employees who are eligible to participate in a CalPERS health insurance plan as an "employee" shall be equal to the contribution provided to full-time employees in Sections 5.01.
3. The City will provide those part-time employees who regularly work more than twenty (20) hours per week (at least a 0.5 FTE) with a Flexible Benefit Allowance. The amount of any allowance provided shall be determined in accordance with the formulas contained in Section 6.02, except that the sum of the contribution provided to a part-time employee who works more than 20 hours per week under Section 6.01 plus the amount provided as a Flexible Benefit Allowance shall be based on the total number of hours worked each month by the part-time employee.

For new employees, the amount of City contribution for medical insurance shall be based upon the employee's estimated work schedule during the first month of coverage. Thereafter, the actual number of hours worked by the employee each month shall be used to determine the amount of City contribution toward medical insurance premiums in the month next following. Except that, the amount provided shall never be less than the amount required by applicable government codes.

4. The amount of the City's payment for dental insurance shall be proportionate to the amounts paid on behalf of full-time employees as specified in Section 5.06 of this Resolution. The calculation of proportionate payments shall be in accordance with the provisions of paragraph 3 of this Section.
5. The amount of the City's payment for vision insurance shall be proportionate to the amounts paid on behalf of full time employees as specified in Section 5.09 of this Resolution. The calculation of proportionate payments shall be in accordance with the provisions of paragraph 3 of this section.

6. The amount of the City's payment for alternate benefits shall be based upon scheduled hours of work and shall be proportionate to the amounts paid on behalf of full-time employees as specified in Section 5.04 of this Resolution. The calculation of proportionate payments shall be based upon the hours budgeted for the position.

As an exception to the foregoing, those employees who assume part-time status as a result of a City imposed reduction in hours will continue to receive City payment of medical, dental, and vision insurance premiums and will continue to participate in the Flexible Benefits Plan on the same basis as for full-time employees.

### **5.11 Deferred Compensation Plan**

A Deferred Compensation Plan has been established for the benefit of City employees. Employees may contribute to the Plan as provided by the Plan terms.

Except for those changes which are necessary or desirable to obtain or maintain the favorable tax status of the plan, any changes in the written plan document governing the implementation and administration of the Deferred Compensation Plan adopted by the Hayward City Council on May 12, 1981, with respect to termination or modification of the plan will be jointly decided upon by the Administrative Committee as defined in Section 13.00 of the plan document.

### **5.12 Defined Benefit Retirement Program**

The City will continue to contract with the Public Employees' Retirement System (PERS) to provide a retirement program for employees. Benefits shall include:

1. 2.5% @ 55 benefit formula
2. Fourth Level of 1959 Survivor's Benefits
3. Post-Retirement Survivor Allowance
4. One (1) Year Final Compensation
5. Military Service Credit as Public Service
6. Continuation of Pre-Retirement Death Benefit after Remarriage of Survivor.

These benefit plans require an employee contribution of eight percent (8%). Employees shall pay the full employee contribution of eight percent (8%), which shall be paid by the employee on a pre-tax basis in accordance with IRS Section 414(h)(2) method of reporting retirement payments.

For Unrepresented public safety employees, benefits shall include 3% @ 50 for fire safety and 3% @ 50 for police safety, as well as those PERS contract options applicable to the respective public safety represented bargaining units. These benefit plans require an employee contribution of nine percent (9%) by unrepresented fire safety and unrepresented police safety employees. Unrepresented police and fire safety employees shall pay the full employee contribution of nine percent (9%), which shall be paid by the employee on a pre-tax basis in accordance with IRS Section 414(h)(2)

method of reporting retirement payments. In addition, unrepresented public safety employees shall pay the same percentage employer contribution paid by other employees in the same CalPERS membership classification in accordance with any CalPERS contract amendments entered into by the City under the provisions of Government Code Section 20516, subsection (a).

An employee, who is not eligible for enrollment in the Public Employees' Retirement System and who, in accordance with the federal Omnibus Budget Reconciliation Act of 1990, is required to be covered by Social Security or an alternate system, shall be enrolled in the Public Agency Retirement System (PARS). The City shall contribute 3.75 percent of covered earnings into the employee's PARS account.

### **5.13 Car Allowances and Mileage Reimbursements**

Except as specifically provided under the terms of an employment agreement, employees are not eligible to receive a vehicle allowance. Employees who are required to drive their personal vehicles for City business will be reimbursed for actual miles driven at the rate established by the Internal Revenue Service (IRS).

## **6.00 SALARY ADMINISTRATION**

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### **6.01 Salary Administration Policy**

The policy governing preparation of a compensation plan shall be that of salary standardization.

### **6.02 Salary at Time of Employment**

The plan may provide a flat salary rate or a salary range for each classification with a minimum, maximum, and one or more intermediate steps. The beginning or normal hiring rate shall usually be at the first step of the range. Every new employee shall be paid the first step on employment except that the City Manager or designee may authorize employment at a higher step if the labor supply is restricted or the person to be hired is unusually well qualified.

### **6.03 Eligibility for Advancement in Pay**

Employees may be advanced to higher steps as merited by progressive improvement in job skills and work performance. The following time-in-step requirements shall normally apply for an employee to be eligible for advancement in pay.

<b>Step</b>	<b>Time-in-Step</b>
A.....	6 months
B.....	6 months
C.....	1 year
D.....	1½years
E.....	---

If warranted for the good of the service or when an employee demonstrates outstanding capacity in performing job duties, advancement may be made prior to completion of the above time-in-step requirements. If the first day of the time in step period begins in the first five (5) days of the payroll period, then begin time in step with the start of the payroll period. If not, then time shall begin on the first day of the next payroll period. Advancement in pay, when approved, shall be effective at the beginning of the first pay period immediately following completion of the time-in-step requirements outlined above. If an employee is on leave without pay for more than one (1) month, the period shall be deducted from employee's accumulated time-in-step.

#### **6.04 Attaining Advancement**

An employee must demonstrate that advancement is merited on the basis of job performance. Advancement shall not be made solely because an employee is eligible according to time-in-step requirements. Good attitude and personal conduct, work accomplished, conscientious attendance, safety alertness, efforts at self-improvement, and other factors of individual achievement must be evident as appropriate to the position. Department Directors or the City Manager shall be notified by the Director of Human Resources or designee of employees approaching eligibility for step advancements.

#### **6.05 Use of Performance Ratings in Determining Whether Step Advancement is Merited**

Performance ratings shall guide supervisors and Department Directors in determining whether step advancements have been earned and should be recommended to the City Manager or designee.

#### **6.06 Withholding Step Advancements**

The Department Director or designee has the authority and responsibility to recommend withholding step advancements by the City Manager if they are not merited. The Department Director or designee shall keep their employees informed about their job performance, giving good work its proper recognition and any deficient work all possible guidance and assistance toward improvement. Department Directors or designee shall notify the employee as to the reasons for withholding step advancements prior to submitting such recommendation to the City Manager.

#### **6.07 Change in Pay Upon Promotion**

When employees are promoted, they shall normally receive the first step in the salary range for their new position. However, if such step is equal to or less than their present salary, or they would be eligible for step advancement shortly in their previous position, they may receive the next step in the salary range of the new position which is close to five percent (5%) above their present salary. When no advancement in salary is granted on promotion, employees may be allowed to carry forward time-in-step accumulation.

## **6.08 Change in Pay Upon Demotion**

When an employee is demoted, whether voluntarily or otherwise, the employee's compensation shall be adjusted to the salary prescribed for the class to which he or she is demoted. The employee will be placed in a salary step in the demoted classification that is the same as or above the step held prior to demotion providing said demotion is not the result of disciplinary action. If the demotion is a result of disciplinary action, the specific salary step shall be determined by the City Manager or designee, whose decision shall be final; provided however, that if the employee had prior service in the demoted position, the employee's step on the salary schedule for the demoted position shall not be set at a step that is lower than the step previously held by the employee in that position before his or her promotion.

## **6.09 Change in Pay Upon Reclassification**

When a position is reallocated to a classification with a higher pay range and the incumbent employee retains the position, employee shall normally be placed at the first step in the new range. If no increase in pay results, advancement may be made to the next step immediately above the present salary. When recommended by the Department Director or designee and approved by the City Manager, additional advancement may be granted. If no change in salary is granted, the employee may be allowed to carry forward time-in-step accumulation.

When a position is reallocated to a classification with a lower salary range, the incumbent employee shall not be reduced in pay while he or she continues to occupy the position. If the employee's current rate is below the maximum step of the new range, employee shall continue at the present salary and carry forward time-in-step accumulation. If the employee's current rate exceeds the maximum step of the new range, his or her salary shall be frozen at its current level. When the incumbent leaves the position, a replacement shall normally be hired at the beginning rate.

## **6.10 Acting Pay**

Employees may be assigned to perform the duties of a higher classification on an "acting" basis when in the judgment of the Department Director or designee a need exists for work to be performed in such higher classification.

"Acting" assignments shall only be made by the Department Director or designee and the employee shall be provided with a written notice assigning employee to the higher classification on an "acting" basis.

Employees assigned in accordance with the foregoing to perform the duties of a higher classification on an "acting" basis for a period of five (5) consecutive days or more shall receive "acting" pay retroactive to the first day of such assignment.

Employees qualifying for "acting" pay shall receive the salary step of the higher classification which represents an increase over the employee's present salary step. If the closest step in the "acting" classification is not equal to at least a five percent (5%) increase over the employee's present salary step, the employee shall receive "acting" pay equal to five percent (5%) above his or her current pay step, except that the total rate paid (base

salary plus any percentage increase) for work performed in “acting” assignment shall not exceed the top step of the salary range for the higher class.

### **6.11 Bilingual Pay**

Employees who are required in the performance of their duties to converse with the public in a language other than English, and who have demonstrated their competency through a language fluency test administered through the Human Resources Department, shall receive bilingual pay in the amount of thirty dollars (\$30) per pay period.

No more than once every twenty-four (24) months, the City Manager or designee may require an employee receiving bilingual pay to demonstrate continued competency in a second language as a condition of continuing to receive pay under this section. Employees who do not demonstrate continued competency will cease receiving bilingual pay until such time as competency is again demonstrated.

### **6.12 Special Assignment Positions**

Special assignment positions within a classification may be established where duties and responsibilities are of a specialized nature by comparison to other positions in the class. Selection of employees to said positions and removal there from shall be made by the City Manager or designee. An employee so assigned shall receive a salary increment not to exceed ten percent (10%) of employee's present salary.

### **6.13 Salaries**

The Positions and Salaries Resolution shall provide for the salary ranges for the classifications of employment listed in Appendix A.

### **6.14 “Y-Rated” Salaries**

Employees whose classifications are affected by the recalibration of the salary schedule shall be y-rated at their current step until they are advanced to the next step in the range in accordance with applicable provisions of this Resolution. Upon advancement, employees will advance into the adjusted salary schedule listed in Appendix A.

### **6.15 Cost of Living Adjustments**

No cost of living adjustments shall be made during the term of the Resolution. However, should it be determined by the City Manager that: 1) financial indicators described and delineated below are satisfied, and 2) the granting of any one-time payments would not cause a reversal of the City's progress towards its financial goals, then effective April 1 of fiscal year 2015 of this Resolution, a one-time, non-recurring payment that is not subject to CalPERS calculations shall be made to each member of the group that was employed by the City on the effective date of this Resolution and who, on April 1, 2015, remains employed. The payment calculation shall be linked to the CPI (Consumer Price Index – all urban wage earners, not seasonally adjusted,

San Francisco-Oakland-San Jose, CA) – and shall be calculated based on the percent change for the twelve (12) month period ending February 2015, but in no case will the one-time payment exceed two percent (2%) or be less than one and one-half percent (1.5%) as calculated against the annual base pay rate that is in place for each incumbent on April 1, 2015.

The financial indicators that must be satisfied are:

1. Effective FY 2015, the beginning General Fund Reserve cash balance (restricted, committed, assigned, unassigned), exclusive of non-spendable balances, shall not be less than twenty percent (20%) of gross General Fund expenditures, including Transfers Out. This calculation will be based on the prior fiscal year's actual results as reported in the respective Comprehensive Annual Financial Report (CAFR), and shall be completed within two (2) weeks of submission of the CAFR to Mayor and Council (i.e., calculations for FY 2013 will be based on the FY 2012 CAFR ending fund balance, and so on). *For example, and as a reference point, in FY 2011 the total General Fund Reserve year-end spendable cash balance was \$29.55 million and total General Fund expenditures, including Transfers Out, was \$121.2 million;*
2. There is a continuing trend of revenue growth from FY 2011, and the combined total of Sales Tax and Property Tax revenues in FY 2014, exceeds the combined Sales Tax and Property Tax revenues in FY 2011 by nine percent (9%) (combined total of Property Tax and Sales Tax revenue for FY 2011 is \$61,217,499) as reported in the FY 2011 (CAFR); and
3. In the approved Adopted Operating Budget for FY2015 and FY 2016, no economically forced lay-offs as identified and approved by Council, are required, or are projected, to balance the budget or close the structural deficit (i.e., the gap between gross revenues and gross expenditures).

This section shall not be applicable to Department Directors and Council Appointed positions.

## **7.00 HOLIDAYS**

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### **7.01 Holidays Observed by the City**

The following days shall be holidays for all employees:

- New Year's Day (January 1)
- Martin Luther King Day (third Monday in January)
- Lincoln's Birthday (February 12)
- President's Day (third Monday in February)
- Memorial Day (last Monday in May)

- Independence Day (July 4)
- Labor Day (first Monday in September)
- Admission Day (September 9)
- Columbus Day (second Monday in October)
- Veteran's Day (November 11)
- Thanksgiving Day (fourth Thursday in November)
- Friday after Thanksgiving Day (Friday following fourth Thursday in November)
- Christmas Eve Day
- Christmas Day

Employees shall be allowed the last half, four (4) hours, off on the work day immediately preceding the day on which New Year's Day is observed.

If any of said holidays fall on a Sunday, the following Monday shall be observed as a holiday. If a holiday falls on a Saturday, the preceding Friday shall be observed as a holiday. If a holiday falls on an employee's regular day off, or if an employee is scheduled or assigned to work on a holiday, employee shall be entitled to equivalent time off at a later date and such time shall be credited to the employee's vacation leave. Scheduling or assignment of holiday work must be approved in advance by the City Manager or designee. For the purpose of this section, the number of hours comprising a holiday is defined as ten (10) hours for employees on a 40-hour per week schedule who work a 4-10 schedule (four, 10-hour days per week), and eight (8) hours for all other employees.

## **7.02 Holidays for Part-Time Employees**

Part-time employees who are regularly scheduled to work twenty (20) or more hours per week shall be entitled to four (4) hours pay for each holiday observed for full-time employees. Eligible part-time employees shall receive one-half (1/2) hour of holiday leave with pay for each full hour of leave granted full time employees for the New Year's Eve holiday described in Sections 7.01 of this Resolution.

## **8.00 VACATIONS**

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### **8.01 Vacation Leave Policy**

Vacation leave is a benefit and the use of same shall be approved by the City Manager or designee taking into account the desires and seniority of employees and, more particularly, the work load requirements of the department. Employees shall take vacation leave regularly each year and shall be encouraged to take vacation at least a full week at a time. In order to give effect to this policy and to realize the greatest benefit from vacation leave for both employee and the City, limitations shall be placed upon the amount of unused vacation leave an employee is allowed to accumulate.

If an employee exhausts his or her vacation leave, the employee may apply for another eligible paid or unpaid leave (excluding sick leave) as provided for in this Resolution. If vacation leave is approved and then it is determined that the employee does not have enough vacation leave available to cover the request and no other leave is requested, Payroll will deduct the excess time from another eligible paid leave balance. No vacation leave accruals will be credited in advance. No vacation leave will be earned while on an unpaid leave.

If vacation leave is used to remain in a paid status while on approved leave under the Family Medical Leave Act/California Family Rights Act or Pregnancy Disability Leave, the vacation hours used will run concurrently with the state and/or federal leave entitlement.

## **8.02 Vacation Accruals for Full-Time Employees**

All full-time employees other than temporary and provisional shall accrue vacation leave benefits each payroll period based upon the number of regularly scheduled hours.

Vacation accrual schedule for employees who are budgeted and work full-time:

<b>Per 80 Hr. Years of Service</b>	<b>Hourly Period</b>	<b>Equivalent</b>	<b>Annual</b>
Up to 5 yrs. ....	3.08 hrs. ....	0.0385 hrs.....	80 hrs.
From 5 to 9 yrs.....	4.62 hrs. ....	0.0578 hrs.....	120 hrs.
From 10 to 19 yrs.....	6.16 hrs. ....	0.077 hrs.....	160 hrs.
From 20 yrs.....	7.70 hrs. ....	0.0963 hrs.....	200 hrs.

An employee will accrue at the next highest benefit level on his or her corresponding anniversary date. For purposes of crediting service time for vacation accruals, a former regular employee who is reinstated within one (1) year from the date of his or her date of separation shall receive credit for his prior service on a probationary and regular appointment. No service time on a temporary, provisional or contracted appointment will be credited.

Vacation leave can be accrued but shall not be granted during the first six (6) months of service. The increases in vacation leave allowance shall be granted on the basis of full-time, continuous service. An approved leave of absence shall not constitute a break in service for the purpose of this section, but vacation leave shall not be earned during any period of unpaid absence.

As an exception to the foregoing, the City Manager or designee is authorized to place a new management employee at a position in the vacation schedule which recognizes that said employee has left a similar position with another employer where he or she had substantial vacation benefits.

Vacation leave shall continue to be earned during other authorized leaves with pay. When a holiday falls during an employee's absence on vacation leave, it shall not be deducted from his or her accrued leave.

The maximum vacation accrual cap shall be twice the annual allowance plus forty (40) hours. The vacation accrual cap shall be maintained on a continuous per pay period basis. Exceptions may be permitted on approval of the City Manager or designee. In granting such exceptions the City

Manager or designee may specify a time within which such excess vacation leave must be used. It shall be the responsibility of each employee to insure the full use of vacation leave credits received by scheduling the necessary time off each year.

As an exception to the foregoing, at the end of the pay period including January 1, 2012, the caps on vacation will be reinstated pursuant to this section, except employees will be allowed to accrue twice the annual rate plus eighty (80) hours (instead of forty (40) hours). The City Manager or designee will allow employees who exceed this cap to use the excess vacation leave by the end of the pay period including June 30, 2013. Failure to use the excess leave by the end of the pay period including June 30, 2013, shall cause the employee's accrual of vacation to cease until the existing balance has been reduced to the cap amount (twice the annual rate plus forty (40) hours) or less. After June 30, 2013, the employee vacation cap will be maintained on a continuous per pay period basis and the accrual rate of twice the annual rate plus forty (40) hours will be reinstated.

Employees hired prior to April 1, 2012, will be allowed a one-time vacation leave payout not to exceed forty (40) hours of accrued vacation leave in either July or December 2012. No payout will be processed after December 31, 2012. Employees interested in cashing out will submit a written request to Payroll. The request will be processed within two (2) pay periods of receipt of the request. Payout will be included in the biweekly payroll and said cash out will be subject applicable state and federal taxes.

### **8.03 Vacation Accruals for Certain Part-Time Employees**

Only those employees hired into positions budgeted for twenty (20) or more hours per week and who consistently work twenty (20) or more hours per week shall be eligible for vacation leave. Eligible part-time employees other than temporary and provisional shall accrue vacation leave benefits each payroll period based upon the number of hours the employee actually works. The hourly equivalent rates are as follows:

<b>Years of Service</b>	<b>Hourly Equivalent</b>
Up to 5 yrs. ....	0.0385 hrs
From 5 to 9 yrs.....	0.0578 hrs
From 10 to 19 yrs.....	0.0770 hrs
From 20 yrs.....	0.0963 hrs

Notwithstanding the foregoing, employees who are hired in part-time status and full time employees who assume part-time status shall accrue vacation benefits each payroll period based upon the total number of hours for which the employee was compensated in the payroll period. In order to be eligible for this benefit, employees must consistently work a half-time schedule or more. The amount of vacation so accrued shall be proportionate to that earned by full time employees in the same payroll period. The vacation accrual schedule specified in Section 8.02 of this Resolution and listed above will be used for purposes of prorating vacation leave.

The use of vacation shall be subject to the provisions of Section 8.01, 8.02, 8.03 and 8.04 of this Resolution. The maximum vacation accrual cap shall be twice the annual allowance plus twenty (20) hours. The vacation accrual cap

shall be maintained on a continuous per pay period basis. Exceptions to the foregoing may be permitted pursuant to the provisions of Section 8.02 of this Resolution.

Vacation leave can be accrued but shall not be granted during the first six (6) months of service.

#### **8.04 Payment for Unused Vacation Leave**

Leave time earned but unused at date of termination shall be added to final pay. If the employee owes the City for unearned leave taken, the actual time shall be deducted from final pay.

### **9.00 SICK LEAVE**

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#### **9.01 Sick Leave Policy**

Sick leave is a paid leave. Sick leave shall be allowed in case of an employee's bona fide illness or injury, or for an employee's doctor/health appointments. Use of sick leave shall be approved by the employee's supervisor.

Employees shall whenever possible make appointments for medical, dental, and other health and wellness similar purposes on Saturday or other non-work time.

In addition to the foregoing, sick leave may be used as family sick leave to care for an ill or injured family member or to take a family member to a doctor appointment. A "family member" is defined as a child, parent, spouse, registered domestic partner, or the child of a registered domestic partner as defined by California Labor Code 233. Up to half (1/2) of an employee's annual sick leave accruals per calendar year may be used as family sick leave.

A certificate from an attending physician stating the expected duration of the family member's illness may be required. Authorization to use additional sick leave for family illness beyond the maximums identified above may be granted by the City Manager or designee when in his or her judgment circumstances warrant the same. Employees may use not more than four (4) hours of sick leave for the purpose of consulting with a physician concerning a serious illness or injury of a member of the employee's immediate family.

If an employee exhausts his or her sick leave, the employee may apply for another eligible paid or unpaid leave as provided for in this Resolution. If sick leave is approved and then it is determined that the employee does not have enough sick leave available to cover the request and no other leave is requested, Payroll will deduct the excess time from another eligible paid leave balance.

No sick leave accruals will be credited in advance. No sick leave will be earned while on an unpaid leave.

If sick leave is used for purposes that qualify under a state or federal leave law, such as Family Medical Leave Act/California Family Rights Act or

Pregnancy Disability Leave, then any sick leave used will count towards the state or federal leave entitlement.

## **9.02 Sick Leave Allowance for Full-Time Employees**

All full-time employees other than temporary and provisional shall accrue sick leave benefits each payroll period based upon the number of hours the employee is entitled. The full time sick leave accrual rate is 3.7 hours per payroll period (up to ninety-six (96) hours annually). Employees shall accrue sick leave credits in accordance with the foregoing schedule from their initial date of employment and shall be entitled to the use of sick leave upon completion of three (3) months of continuous, full-time satisfactory employment.

The use of accrued sick leave shall be subject to the provisions of Section 9.0 of this Resolution. After an absence is approved as sick leave, it shall be deducted from an employee's leave balance. There shall be no limit upon the number of hours of unused sick leave which may be accumulated by an employee. Upon separation of employees, sick leave balance for which payment has not been made shall be canceled, and shall not be restored if a former employee is reinstated.

## **9.03 Sick Leave Allowance for Certain Part-Time Employees**

Part-time employees who are regularly scheduled to work twenty (20) or more hours per week shall be entitled to accrue sick leave benefits each payroll period based upon the total number of hours for which the employee was compensated in the payroll period.

The amount of sick leave so accrued shall be proportionate to that earned by full time employees in the same payroll period based on the part-time employee's budgeted for position. The full time sick leave accrual rate is 3.7 hours per payroll period. The use of accrued sick leave shall be subject to the provisions of this Resolution.

Sick leave can be accrued but shall not be granted during the first three (3) months of service. Sick leave is accrued for all regular hours worked and shall continue to be earned during other authorized leaves with pay. There shall be no limit upon the number of hours of unused sick leave that may be accumulated by an employee. Upon separation of employees, sick leave balance for which payment has not been made shall be canceled, and shall not be restored if a former employee is reinstated.

## **9.04 Sick Leave Notice and Certification**

In order to receive compensation while absent on sick leave, employees or someone on their behalf shall notify the immediate supervisor prior to or within thirty (30) minutes before the time set for reporting to work. The City Manager or designee may waive this requirement upon presentation of a reasonable excuse by the employee. Employees shall file a personal affidavit or physician's certificate with their supervisor if required by the City Manager or designee for any use of sick leave. After three (3) consecutive working days' absence, the supervising authority may require an appointment and/or physician's certificate. If employees become ill while on vacation, periods of

illness may be charged to sick leave upon presentation of a physician's certificate certifying duration of illness. In cases of frequent use of sick leave employees may be requested to file physician's statements for each illness, regardless of duration.

A physician's certificate needs to include the name and signature of the attending physician, the date and time the employee was seen by the physician, and the physician's certification that the illness or injury was of such nature to prevent the employee from performing his or her job. Employees may also be required to take an examination by a physician designated by the City and to authorize consultation with their own physician concerning their illness.

Sick leave shall not be granted for absences caused by intoxication or excessive use of alcoholic beverages. As an exception to the foregoing, sick leave may be authorized for the treatment of alcoholism or substance abuse when such condition is diagnosed by a competent medical authority.

These same requirements may also be applied for family sick leave requests.

## 9.05 Payment for Unused Sick Leave

Any employee leaving employment of the City in good standing after having completed twenty (20) years of continuous service, or upon retirement from the City for service or disability with at least (10) years of service, or upon termination of employment by reason of death shall receive payment for a portion of that sick leave earned but unused at the time of separation.

The amount of payment for unused sick leave shall be based on the employee's accumulated unused sick leave balance at the time of separation (up to a maximum of 2400 hours), times the employee's hourly rate of pay at time of separation plus seven (7) percent, times the number of whole years of continuous service, times the percentage factor from the following table:

- 0% to 65% of maximum eligible sick leave accrual = 1%
- 65.01% or more of maximum eligible sick leave accrual = 1.15% provided the employee has twenty-five (25) years of service. If the employee has less than twenty-five (25) years of service the payout percent will equal 1%.

For the purposes of this section, maximum eligible sick leave accrual will be calculated as number of whole years of service times 96.2 sick leave hours. The following examples illustrate how sick leave payouts will be provided to employees under this section:

*Example 1.* Employee A is retiring after 20.7 years of service. She has 1335.4 hours of unused sick leave at time of retirement. The maximum number of sick leave hours she could have accrued over the course of her employment with the City was 96.2 hours x 20 years = 1924.0 hours. Her total sick leave hours (1335.4) are equal to 69.4% of the total maximum eligible sick leave accruals ( $1335.4 \div 1924.0 \times 100 = 69.4\%$ ). She did retain greater than 65% of her maximum eligible sick leave accruals, however, she does not have 25 years of service, therefore, she is only eligible to receive 1% of her unused sick leave balances for every whole year of service. Her hourly rate is \$42.35. Her sick leave payout hourly rate is  $\$42.35 \times 1.07 = \$45.31$ . Her sick leave payout calculation is as follows:

$$1335.4 \text{ hours} \times \$45.31 \times 20 \text{ years} \times .01 = \$12,101.40$$

Example 2. Employee B is retiring after 30.2 years of service. He has 2457.8 hours of unused sick leave at time of retirement. The maximum number of sick leave hours he could have accrued over the course of his employment with the City was 96.2 hours x 30 years = 2886.0 hours. His total sick leave hours (2457.8) are equal to 85.2% of the total maximum eligible sick leave accruals ( $2457.8 \div 2886.0 \times 100 = 85.2\%$ ). He retained greater than 65% of his maximum eligible sick leave accruals and he has more than 25 years of experience, therefore he would be eligible for 1.15% of his unused sick leave balances for every year of service. His hourly rate is \$41.18. His sick leave payout hourly rate is  $\$41.18 \times 1.07 = \$44.06$ . His sick leave payout calculation is as follows:

$$2400 \text{ hours (max allowed)} \times \$44.06 \times 30 \text{ years} \times .0115 = \$36,481.68$$

Payment of unused sick leave for part-time employees shall be determined using a pro-rated maximum accrual of sick leave hours and a pro-rated cap on the maximum number of hours that are subject to cash-out. The percentage applied for pro-rating shall be determined based on the average number of hours worked during the one (1) year period immediately preceding separation. For example, if the employee worked 1,040 hours during the year before separation, or the equivalent of 0.5 FTE, then the pro-rated maximum accrual will be  $0.5 \times 96.2$  hours, or an annual accrual rate of 43.1 hours. The pro-rated cap for this same employee will be  $0.5 \times 2,400$  hours or 1,200 hours.

That portion of an employee's sick leave balance for which payment is not provided shall be canceled, and shall not be restored if said employee is reinstated.

Employees hired on or after April 1, 2012 shall not be eligible to receive any sick leave cash-out benefits under this Section.

## 9.06 Catastrophic Injury/Illness Time Bank

Upon approval of the City Manager or designee a time bank may be established for the benefit of an employee who is incapacitated by a catastrophic illness or injury. The intent of this program is to assist catastrophically ill or injured employees who have exhausted all available paid accruals, to maintain paid status for a maximum of one (1) year. Catastrophic injury or illness is defined as a medically certified, severe and disabling, non-industrial condition resulting in an employee's inability to work. Employees may submit requests to donate earned vacation and/or compensatory time on a voluntary basis subject to the conditions listed below.

- A. Employees initially eligible to receive leave contributions must have exhausted all other leave balances available including earned vacation, management leave and earned sick leave.
- B. State and federal income tax on the value of leave donated shall be deducted from the recipient employee's pay at the time of crediting.
- C. Leave hours that are credited as sick leave to the recipient, shall not be reversible.

- D. Hours requested to be donated shall be kept in a pledge status until used, shall be credited on a monthly basis as sick leave, and shall be subject to the provisions of this Resolution regarding the use and payment of same. Donations shall be credited in the following order:
  - 1. From donors whose vacation accruals are at or within sixteen (16) hours of the maximum allowed for their classification; then
  - 2. From other donors in random order, to be determined on a draw basis by the Human Resources Department.
  - 3. Donation requests shall be credited in the order specified above in subsequent month(s).
- E. Donated leave time shall be changed to its cash value and then credited to the recipient in equivalent hours at the recipient's straight time hourly rate of pay. Recipient employees shall not be credited with more than one-hundred percent (100%) of their normally scheduled hours for any given pay period.
- F. Donating employees may not reduce their balance of earned vacation below eighty (80) hours by reason of such donations.
- G. Recipient employees shall be credited with up to forty (40) hours of donated time upon return to work, provided that sufficient hours remain in pledge status during the pay period immediately preceding the return to work date. All undonated, pledged hours exceeding forty (40) shall be returned to the respective donor(s).
- H. In the event of the death of the recipient, his or her designated beneficiary shall receive payment for hours credited as donated. Hours remaining in pledge status are not subject to payout to the beneficiary, and shall be returned to the donor(s).

This provision shall also allow the use and donation of catastrophic leave to employees who need paid time off to care of a catastrophically injured or ill dependent. The use of this leave is limited to a one (1) year period for establishment of any Catastrophic Injury/Illness Time Bank. Upon approval of the City Manager or designee, a time bank may be established for the benefit of an employee who has a dependent who is incapacitated by a catastrophic illness or injury. A dependent is defined as a legal spouse, registered domestic partner, legal child under the age of 26, or legal child of a registered domestic partner under the age of 26.

An employee must provide a signed medical certification from the treating physician of his or her dependent stating that the employee's dependent has a severe and disabling injury or illness and indicating the amount of time he or she would need to be off to care for his or her dependent.

An employee shall not be credited with more than 100% of his or her normally budgeted hours for any given pay period. In no event shall an employee receive donated paid leave in addition to any paid benefit provided to the employee for time off to care for his or dependent that will result in the employee receiving more than 100% of the employee's base salary for the pay period. Records of any paid benefit provided to the employee for time off to care for his or her dependent must be provided by the employee to Payroll for integration with catastrophic leave.

Employees can donate paid leave to an employee who has a dependent with a catastrophic injury/illness under the same terms and conditions as for an employee who has a catastrophic injury/illness.

Employees can utilize catastrophic leave for up to a one (1) year period. The period starts for the first day of use of catastrophic leave. For example, if catastrophic leave starts on July 1, 2010, it can only be used up until June 30, 2011. Leave can be taken on an intermittent basis if approved by the City Manager or designee but will not exceed catastrophic leave usage past the one (1) year leave period.

Any leave used for purposes that qualify under a state or federal leave law, such as Family Medical Leave Act/California Family Rights Act/Pregnancy Disability Leave will count toward any state or federal leave entitlements. If an employee is unable to return to work and has exhausted all of his or her leave entitlements, the employee may be retired for disability and/or separated.

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## **10.00 MISCELLANEOUS LEAVES**

### **10.01 Bereavement Leave**

All full-time employees other than temporary and provisional employees shall be granted bereavement leave with pay for not more than three (3) work days upon the occasion of the death of a close relative. When additional time is desired, employees may be allowed to take accumulated vacation leave or management leave as approved by their City Manager or designee. For the purpose of this section, a close relative is defined as any relation of the employee, by blood or marriage, including registered domestic spouses in accordance with Section 297.5 of the Family Code where one or more of the following conditions are present:

- A. The employee will be attending the funeral of the deceased;
- B. The employee is responsible for or involved with funeral arrangements and/or estate settlement for the deceased; and/or
- C. The employee's relationship with the deceased was of a close and personal nature such that time is required by the employee to deal with his or her bereavement or to participate in memorial services, either religious or non-sectarian.

When requesting such leave, employees will be required to certify to the Department Director or designee the conditions for granting bereavement leave have been satisfied. Upon presentation of such a request the City Manager or designee shall determine whether leave shall be granted and in what amount. Additional bereavement leave for two (2) work days for travel purposes not to exceed a total of five (5) working days may be granted by the City Manager or designee when circumstances warrant the same.

Part-time employees who work a continuous schedule of twenty (20) or more hours per week shall be granted bereavement leave with pay as necessary on the same basis as full-time employees except that they shall be

compensated at the rate of one-half (1/2) of the bereavement leave allowance provided full-time employees.

**10.02 Jury Leave**

An employee summoned to jury duty shall inform his or her supervisor and, if required to serve, may be absent from duty with full pay. Any jury fees received by an employee shall be remitted to the City, excluding mileage reimbursement.

**10.03 Military Leave**

Military Leave shall be granted in accordance with the provisions of state and/or federal law. All employees entitled to military leave shall give the City Manager an opportunity, within the limits of military requirements, to determine when such leave shall be taken.

**10.04 Industrial Disability**

For employee injury or disability falling within the provisions of the state Workers' Compensation Disability Act, disability compensation at the rate allowed under said act shall be the basic remuneration during the employee's period of disability. Compensation under this Act will be provided through payroll or the City's third party administrator. Employees may elect to use their own personal paid leave to supplement any worker's compensation benefits received. If any paid leave is used, the employee must contact Human Resources Department and integrate the leave with any temporary disability benefits paid under this Act, so that compensation does not exceed 100% of an employee's regular pay.

**10.05 Family and Medical Leave/ California Family Rights Act**

Employees may be eligible for leave under the Family Medical Leave Act (FMLA) and/or the California Family Rights Act (CFRA). The administration of any FMLA or CFRA leave provided for under this provision shall be in accordance with the provisions of the FMLA and the CFRA. Leave provided under this provision may run concurrently with other leaves provided under this agreement, as designated by the Human Resources Department. Additional information regarding available leave benefits is set forth in City Administrative Rule 2.45, as that Rule may be revised.

**10.06 Pregnancy Disability Leave**

Employees may be eligible for leave under the California Pregnancy Disability Leave Law (PDLL). The administration of any leave given under the PDLL shall be in accordance with the provisions of the PDLL. Leave provided under this provision may run concurrently with other leaves provided under this agreement. Additional information regarding available leave benefits is set forth in City Administrative Rule 2.45, as that Rule may be revised.

## **10.07 Leave of Absence**

The City Manager or designee, upon written request of a full-time employee other than temporary and provisional employees, may grant for the good of the service a leave of absence without pay for a maximum period of one (1) year. Consideration for granting leave will take into account the employee's previous time off, reason for request, business needs, etc.

Leaves hereby authorized shall include medical leaves, educational leaves, parental leaves, and leave for any other purpose promoting the good of the service. Part-time employees are eligible for leaves of absence on a pro-rata basis (e.g., half-time employees are eligible for one-half the leave of absence duration of a full-time employee, i.e., a maximum of six (6) months duration). Whenever granted, such leave shall be in writing and signed by the City Manager or designee. Upon expiration of such a leave, the employee shall be reinstated to the position held at the time leave was granted. Failure of the employee to report promptly at its expiration or within a reasonable time after notice to return to duty shall terminate employee's right to be reinstated.

All eligible paid leaves must be exhausted during any leave granted under this provision. Should the employee exhaust their leave balance while on the leave all remaining time will be without pay. If a Leave of Absence is used for purposes that qualify under a state or federal leave law, such as Family Medical Leave Act/California Family Rights Act or Pregnancy Disability Leave, the leave taken will count towards the state or federal leave entitlement. If an employee is unable to return to work and has exhausted all of his or her leave entitlements, the employee may be retired for disability or separated. No benefits will be provided during this period except as provided below. Health coverage may be continued but at the employee's own cost.

## **10.08 Parental Leave**

A new parent may use up to forty (40) hours earned sick leave upon the birth of a child or when a child begins residence with an employee who has commenced adoption proceedings with full intent to adopt. Leave must be taken within one (1) year from the date of birth or placement of the child. Any leave granted under this provision shall run concurrently with FMLA/CFRA leave.

## **10.09 Management Leave**

The City Council wishes to acknowledge the special public service rendered by the City's Unrepresented Management, Human Resources & City Attorney Employees. In maintaining the City's efficiency and reputation, exempt Employees in this group work whatever extra hours are required for appearances before the City Council, City Boards and Commissions, citizens' groups, and intergovernmental bodies; for maintenance of essential services during emergencies; and for accomplishment of work assignments which often impose irregular hours and time expenditures far in excess of the conventional forty (40) hour work week. Under such circumstances, these employees neither expect nor receive overtime pay. However, upon being regularly required to work throughout the year beyond the normal work week, an employee shall be provided up to two (2) weeks' annual management leave. Upon request of an employee, the City Manager or designee may

authorize additional management leave. All leave granted pursuant to this Section must be used in the calendar year in which it is received, otherwise it is forfeited.

Executive level employees may cash out up to forty (40) hours of Management Leave each calendar year.

Non-executive level employees may cash out up to thirty (30) hours of Management Leave each calendar year.

All requests for cash out must be submitted in writing to the Payroll department no later than December 1 of the respective year. Payout will be applied within two (2) pay periods of receipt of the request by the Payroll department. Payout will be applied to a bi-weekly payroll and employees will be responsible for all taxes associated with such payout.

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## **12.00 MISCELLANEOUS PROVISIONS**

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### **12.01 Notification of Address**

All employees, including those on leave of absence, shall keep the Human Resources Director or designee informed as to their current home address at all times, no later than ten (10) days after such change of address.

### **12.02 Restrictions on Outside Work**

Gainful employment outside an employee's regular City position shall be considered a privilege subject to regulation and not a right. No employee shall engage in a gainful occupation outside his or her City position which is incompatible with employee's City employment or which is of such a nature as to interfere with satisfactory discharge of his or her regular duties. Any employee who wishes to engage in or accept such employment may do so after having first obtained written approval of the City Manager or designee. Approval of outside employment will be granted for a period not to exceed one (1) year. Employees wishing to continue outside employment will need to re-apply for approval of outside work upon expiration of current approval. Violation of this section shall be cause for disciplinary action.

### **12.03 Employee Health and Medical Examinations**

When in the judgment of the City Manager or designee, an employee's health or physical condition may have an adverse effect on the performance of duties or affect the safety or health of fellow employees, the employee may be required to undergo a medical examination at City expense.

On the basis of authoritative medical advice, the City Manager shall determine whether an employee is physically incapacitated for the duties of the position, and may take whatever action he or she deems appropriate. The determination and resultant action may be the subject of appeal to the Personnel Commission for its review and recommendation.

Those employees designated by the City Manager shall also undergo, at City expense, routine medical examinations. The frequency of these

examinations and the examining physician shall also be designated by the City Manager.

#### **12.04 Conversion of Compensatory Time**

An employee promoted from another representation unit to a classification in the Unrepresented Management, Human Resources, & City Attorney Employees will be required at the time of promotion to redeem all accrued compensatory time at the straight time hourly rate immediately prior to promotion. As an exception to the foregoing, an employee may elect to have the compensatory time transferred to the Deferred Compensation Plan pursuant to Plan rules.

#### **12.05 Americans with Disabilities Act (ADA)**

The City recognizes its obligation under law to meet with individual employees who allege a need for reasonable accommodation in the workplace because of a disability. The City will engage in the interactive process with qualified employees to determine if a reasonable accommodation is available. In the case of an employee with a disability, managers and supervisors may be informed of necessary restrictions on the work or duties of the employee and any agreed upon reasonable accommodations.

#### **12.06 Potential Changes In Wages and Benefits**

The City agrees that leave, holidays, and fringe benefits and annual across the board salary increases granted to Unrepresented Management, Human Resources & City Attorney employees will be equal to those granted to members of the Hayward Association of Management Employees.

#### **12.07 Fire Chief Position**

Section 5.00 and Section 12.06 of this Resolution detailing employee benefit plans and across the board salary increases shall not apply to the incumbent Fire Chief. Instead, the employee benefits for the incumbent Fire Chief will be the same as those set forth in any collective bargaining agreement between the City and the Hayward Fire Chiefs Association. Except as specifically provided in this Section 12.07, and except for provisions of this Resolution inconsistent with the provisions of the employment agreement entered into on March 31, 2008 and expiring May 13, 2012, all other provisions of this Resolution shall apply to the incumbent Fire Chief.

This Section 12.07 shall not apply to any employee first appointed to the position of Fire Chief on or after July 1, 2011.

#### **12.08 Duration**

This Resolution is intended to provide authorization for salaries, benefits and other terms and conditions of employment for the period beginning April 1, 2012 and until this Resolution is thereafter amended or rescinded by the City Council.

**APPENDIX A - SALARY SCHEDULE**

<b>Job Code</b>	<b>Job Class</b>	<b>Steps</b>	<b>4/1/2012</b>
1134	Assistant City Attorney	1	\$59.90
		2	\$62.90
		3	\$66.05
		4	\$69.35
		5	\$72.82
1122	Assistant City Manager	1	\$73.72
		2	\$77.41
		3	\$81.28
		4	\$85.34
		5	\$89.61
1126	Assistant to City Manager	1	\$46.10
		2	\$48.41
		3	\$50.83
		4	\$53.37
		5	\$56.04
1102	Chief of Police	1	\$76.21
		2	\$80.02
		3	\$84.02
		4	\$88.22
		5	\$92.63
1178	Deputy City Attorney I	1	\$34.56
		2	\$36.29
		3	\$38.10
		4	\$40.00
		5	\$42.00
1179	Deputy City Attorney II	1	\$41.91
		2	\$44.01
		3	\$46.21
		4	\$48.52
		5	\$50.95
1121	Deputy City Manager	1	\$64.02
		2	\$67.22
		3	\$70.58
		4	\$74.11
		5	\$77.82

**UNREPRESENTED MANAGEMENT, HUMAN RESOURCES  
& CITY ATTORNEY EMPLOYEES**

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1112	Deputy Director of Public Works	1	\$64.13
		2	\$67.34
		3	\$70.71
		4	\$74.25
		5	\$77.96
1116	Director of Development Services	1	\$66.64
		2	\$69.97
		3	\$73.47
		4	\$77.14
		5	\$81.00
1118	Director of Finance	1	\$70.42
		2	\$73.94
		3	\$77.64
		4	\$81.52
		5	\$85.60
1119	Director of Human Resources	1	\$67.45
		2	\$70.82
		3	\$74.36
		4	\$78.08
		5	\$81.98
1120	Director of Library & Community Services	1	\$67.52
		2	\$70.90
		3	\$74.45
		4	\$78.17
		5	\$82.08
1113	Director of Maintenance Services	1	\$67.62
		2	\$71.00
		3	\$74.55
		4	\$78.28
		5	\$82.19
1111	Director of Public Works	1	\$74.50
		2	\$78.23
		3	\$82.14
		4	\$86.25
		5	\$90.56
1105	Director of Technology Services	1	\$67.71
		2	\$71.10
		3	\$74.65
		4	\$78.38
		5	\$82.30

**UNREPRESENTED MANAGEMENT, HUMAN RESOURCES  
& CITY ATTORNEY EMPLOYEES**

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1142	Employee Benefits Administrator	1	\$39.09
		2	\$41.04
		3	\$43.09
		4	\$45.24
		5	\$47.50
1101	Fire Chief	1	\$73.92
		2	\$77.62
		3	\$81.50
		4	\$85.58
		5	\$89.86
1175	Human Resources Administrative Secretary	1	\$30.88
		2	\$32.42
		3	\$34.04
		4	\$35.74
		5	\$37.53
1176	Human Resources Analyst I	1	\$29.60
		2	\$31.08
		3	\$32.63
		4	\$34.26
		5	\$35.97
1177	Human Resources Analyst II	1	\$35.70
		2	\$37.48
		3	\$39.33
		4	\$41.30
		5	\$43.36
1156	Human Resources Manager	1	\$42.98
		2	\$45.13
		3	\$47.39
		4	\$49.76
		5	\$52.25
1174	Human Resources Technician	1	\$27.49
		2	\$28.86
		3	\$30.30
		4	\$31.81
		5	\$33.40
1104	Operations Support Services Manager	1	\$61.26
		2	\$64.32
		3	\$67.54
		4	\$70.92
		5	\$74.47

**UNREPRESENTED MANAGEMENT, HUMAN RESOURCES  
& CITY ATTORNEY EMPLOYEES**

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1155	Senior Human Resources Analyst	1	\$39.09
		2	\$41.04
		3	\$43.09
		4	\$45.24
		5	\$47.50

## APPENDIX B – EMPLOYEE STATUS

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### UNCLASSIFIED SERVICE

Pursuant to Article VIII of the City Charter and Chapter 2, Section 4 of the City's Municipal Code, the following classifications constitutes the City's Unclassified Service:

- Assistant City Manager
- Assistant to City Manager
- Chief of Police
- Deputy City Manager
- Director of Development Services
- Director of Finance
- Director of Human Resources
- Director of Library & Community Services
- Director of Maintenance Services
- Director of Public Works
- Director of Technology Services
- Fire Chief

### CLASSIFIED SERVICE

Pursuant to Article VIII of the City Charter and Chapter 2, Section 4 of the City's Municipal Code, all positions identified in Appendix A that are not part of the unclassified service shall be included in the City's classified service.

**DATE:** March 6, 2012

**TO:** Chair and Members of Successor Agency Board

**FROM:** Assistant City Manager

**SUBJECT:** Adoption of an Enforceable Obligation Payment Schedule, Approval of the Recognized Obligation Payment Schedule, Approval of the Successor Agency Preliminary Administrative Budget, and Approval of Certain Determinations Regarding Separate Assets and Liabilities of the Successor Agency of the Redevelopment Agency

## **RECOMMENDATION**

That the City Council, in the capacity as governing board of the Successor Agency to the former Redevelopment Agency:

1. Adopts an Enforceable Obligation Payment Schedule;
2. Approves the Recognized Obligation Payment Schedule;
3. Approves the Successor Agency Administrative Budget;
4. Makes certain determinations and directions regarding the separate assets and liabilities of the successor agency; and
5. Authorizes the City Manager to take such actions and execute such other documents as are appropriate to effectuate the intent of the resolution and all actions necessary to effectuate associated requirements of the Dissolution Act.

## **BACKGROUND**

The California state legislature enacted Assembly Bill x1 26 (the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law in June of 2011. The California Supreme Court in its decision in *California Redevelopment Association v. Matosantos*, issued December 29, 2011, declared the Dissolution Act to be constitutional. Under the Dissolution Act, all California redevelopment agencies were dissolved effective February 1, 2012, and various actions are now required by successor agencies to unwind the affairs of all former redevelopment agencies.

## **DISCUSSION**

On January 10, 2012, the City Council adopted a resolution accepting for the City the role of successor agency (the “Successor Agency”) to the Redevelopment Agency of the City of Hayward.

An oversight board, consisting of members representing the County, the City, and various education and special districts, will be formed by May 1, 2012 to approve and direct certain actions of the City as Successor Agency.

On January 24, 2012, the Redevelopment Agency Board, in accordance with the Dissolution Act, adopted its latest Enforceable Obligations Payment Schedule (EOPS) listing all of the Redevelopment Agency's enforceable obligations for payments required to be made by the Redevelopment Agency through June 30, 2012.

At this time, it is necessary for the City as Successor Agency to take certain actions to implement various requirements of the Dissolution Act, as follows:

- ▶ Adoption of EOPS: The City, as Successor Agency, is required to adopt the Redevelopment Agency's EOPS, with certain specified revisions, for approval by the Oversight Board. Until the Recognized Obligation Payment Schedule (the "ROPS") becomes operative, as further discussed below, the City, as Successor Agency, is only allowed to pay the enforceable obligations of the former Redevelopment Agency on the EOPS as adopted and revised by the City as Successor Agency. The accompanying resolution accomplishes the necessary adoption and revision of the EOPS by the City Council, as governing board of the Successor Agency.
  
- ▶ Approval of ROPS: As required by the Dissolution Act, prior to the March 1, 2012 deadline, staff of the Successor Agency has prepared the first ROPS, also covering enforceable obligations of the former Redevelopment Agency through June 30, 2012, and containing other specified information. The first ROPS is supposed to take effect and replace the EOPS by May 1, 2012. Prior to taking effect, the ROPS must be certified by an external auditor appointed by the County Auditor-Controller and must then be approved by the Oversight Board (a process that may take several months). In order to accelerate the ROPS certification and approval process, and in order to provide a forum for public review and input pending formation of the Oversight Board, staff recommends that the City Council, as governing board of the Successor Agency, consider at a public meeting and preliminarily approve the ROPS, as provided in the accompanying resolution.

The EOPS and ROPS are identical to the EOPS adopted by Council and the Redevelopment Agency Board on January 24, 2012, with one minor exception. Since development of the EOPS/ROPS, the Department of Finance has provided further guidance regarding eligible expenses of the Successor Agency. One of these expenses is project management and other costs associated with the disposition of former Agency-held property. In Hayward's previous EOPS and ROPS, staff had incorporated a budget for this in the Successor Agency administrative allowance. Staff has now created a new expense line item on the EOPS and ROPS to budget for these disposition expenses. The budget includes: staff project management costs; property management costs until the properties are sold; legal fees; appraisal costs; and an allowance for other related supplies and services.

- ▶ Approval of Administrative Budget: The Dissolution Act also requires the City as Successor Agency to prepare an administrative budget and submit it to the Oversight Board

for approval. In connection and coordination with preparation of the ROPS, staff of the Successor Agency has also prepared the required administrative budget. Through the accompanying resolution, staff recommends that the City Council, as governing board of the Successor Agency, approve the Successor Agency's administrative budget for submittal to the Oversight Board. The administrative budget is included as Attachment II to this staff report and also as an attachment to the resolution.

The administrative budget covers certain staff expenses to provide for basic oversight and administration of the Successor Agency. It also provides for a supplies and services budget to cover ancillary expenses of the Successor Agency. This is a placeholder budget for supplies and services that will be further refined during review and approval by the Oversight Board and once further clarification is received from the State and County on allowable expenses.

- ▶ Successor Agency Procedures and Determinations: The Dissolution Act provides certain limitations on the liabilities of the City when acting in its capacity as Successor Agency. The accompanying resolution establishes certain recommended procedures and makes certain recommended determinations intended to assure, to the maximum possible extent, that the operations, funds, other assets, liabilities, obligations, and activities of the Successor Agency are treated as separate and distinct from the normal operations, funds, other assets, liabilities, obligations and activities of the City.
- ▶ Implementation Actions: Finally, the accompanying resolution authorizes and directs the City Manager to take all steps on behalf of the Successor Agency to implement upcoming requirements under the Dissolution Act, including providing necessary notices, transmittals and postings regarding the EOPS, ROPS, and Successor Agency administrative budget, and facilitating the formation and convening of the Oversight Board.
- ▶ Environmental Review: The actions set forth in the recommended accompanying resolution, as summarized above, are exempt under Guideline 15378(b)(4) of the California Environmental Quality Act (CEQA) in that the actions do not constitute a "project," but instead are required to continue a governmental funding mechanism for enforceable obligations of the former Redevelopment Agency and to perform the statutorily mandated unwinding of the assets, liabilities, and functions of the former Redevelopment Agency pursuant to the Dissolution Act. Staff will file a notice of exemption will be filed with the County Clerk in accordance with the CEQA guidelines.

## **ECONOMIC AND FISCAL IMPACT**

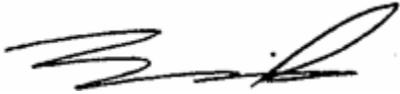
Adoption of the EOPS and approval of the ROPS will facilitate the ability of the City as Successor Agency to continue payment of the enforceable obligations of the former Redevelopment Agency and is among the reasonable measures required to be taken to avoid triggering an event of default under any enforceable obligations. Approval of the Successor Agency administrative budget will facilitate the Successor Agency's receipt of the funds to which it is entitled under the Dissolution Act to implement its responsibilities.

## NEXT STEPS

Once a quorum of members of the Oversight Board have been appointed, staff will convene a meeting of the Board to approve the ROPS and to take other appropriate actions prior to the May 1 deadlines outlined in State legislation.

*Prepared and Recommended by:* Kelly McAdoo Morariu, Assistant City Manager

Approved by:



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Fran David, City Manager

Attachments:

Attachment I:	Resolution
Attachment II:	Preliminary Successor Agency Administrative Budget
Attachment III:	Enforceable Obligation Payment Schedule (EOPS)
Attachment IV:	Recognized Obligation Payment Schedule (ROPS)

RESOLUTION NO. RSA 12-01

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HAYWARD, ACTING AS THE GOVERNING BOARD OF THE SUCCESSOR AGENCY FOR THE REDEVELOPMENT AGENCY OF THE CITY OF HAYWARD, ADOPTING AN AMENDED ENFORCEABLE OBLIGATION PAYMENT SCHEDULE, APPROVING THE RECOGNIZED OBLIGATION PAYMENT SCHEDULE, APPROVING THE SUCCESSOR AGENCY ADMINISTRATIVE BUDGET, AND DIRECTING THE CITY MANAGER TO TAKE ALL ACTIONS NECESSARY TO EFFECTUATE ASSOCIATED REQUIREMENTS OF ABX1 26

WHEREAS, the California state legislature enacted Assembly Bill x1 26 (the “Dissolution Act”) to dissolve redevelopment agencies formed under the Community Redevelopment Law (Health and Safety Code Section 33000 et seq.); and

WHEREAS, on January 24, 2012 and pursuant to Health and Safety Code Section 34173, the City Council of the City of Hayward (the “City Council”) declared that the City of Hayward, a charter city (the “City”), would act as successor agency (the “Successor Agency”) for the dissolved Redevelopment Agency of the City of Hayward (the “Former RDA”) effective February 1, 2012; and

WHEREAS, on February 1, 2012, the Former RDA was dissolved pursuant to Health and Safety Code Section 34172; and

WHEREAS, the Dissolution Act provides for the appointment of an oversight board (the “Oversight Board”) with specific duties to approve certain Successor Agency actions pursuant to Health and Safety Code Section 34180 and to direct the Successor Agency in certain other actions pursuant to Health and Safety Code Section 34181; and

WHEREAS, on January 24, 2012, the Former RDA adopted its latest enforceable obligation payment schedule (the “RDA EOPS”) as required pursuant to Health and Safety Code Section 34169(g); and

WHEREAS, Health and Safety Code Section 34177(a)(1) requires the Successor Agency to amend the RDA EOPS to remove specified agreements and adopt the amended EOPS (the “Amended EOPS”) and make associated notifications and distributions; and

WHEREAS, Health and Safety Code Section 34177(l)(2)(A) requires the Successor Agency to prepare a draft recognized obligation payment schedule (the “ROPS”) and make associated notifications and distributions; and

WHEREAS, Health and Safety Code Section 34177(j) requires the Successor Agency to prepare an administrative budget (the “Successor Agency Administrative Budget”); and

WHEREAS, Health and Safety Code Section 34177(k) requires the Successor Agency to prepare administrative cost estimates from the information set forth in the Successor Agency

Administrative Budget (the “Successor Agency Administrative Cost Estimates”) and provide them to the Auditor-Controller for the County of Alameda; and

WHEREAS, the ROPS and Successor Agency Administrative Budget must be approved by the Oversight Board pursuant to Health and Safety Code Sections 34177(1)(2)(B) and 34177(j), respectively.

NOW, THEREFORE, BE IT RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager, acting on behalf of the Successor Agency, to organize and call the meetings of the Oversight Board, as soon as practicable after the appointment of the Oversight Board but no later than the date required by Health and Safety Code Section 34179, to facilitate the Oversight Board's approval of the ROPS and Successor Agency Administrative Budget.

BE IT FURTHER RESOLVED that unless and until the City Council, acting as the Governing Board of the Successor Agency, resolves otherwise, the Successor Agency shall be referred to in all its official documents, papers, reports, agreements, deeds, and other written materials, and shall carry out its duties and exercise its rights as the “City of Hayward, acting in its capacity as the Successor Agency of the Redevelopment Agency of the City of Hayward”, or similar wording.

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, declares that the assets, obligations, liabilities, and activities of the Successor Agency are and shall remain separate from the assets, obligations, liabilities and activities of the City, and that all costs of, liabilities of, and claims against the Successor Agency and/or the Oversight Board shall be solely the costs and liabilities of the Successor Agency and/or the Oversight Board and shall not be costs of, liabilities of, and/or claims against the City.

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency and in conformance with Health and Safety Code Section 34177(a)(1), hereby adopts the RDA EOPS (a copy of which is on file with the City Clerk) as the Successor Agency's Amended EOPS, conditioned on removal from the RDA EOPS of the Invalidated Agreements. As used in this Resolution, “Invalidated Agreements” means those agreements between the Redevelopment Agency and the City that remain invalidated pursuant to Health and Safety Code Section 34178 following the final outcome of (1) all pending and potential statutory amendments to Health and Safety Code Section 34178 or other applicable provisions of the Dissolution Act (including, without limitation, amendments pursuant to SB 654 and AB 1585), and (2) all pending and potential litigation regarding the validity of Health and Safety Code Section 34178 and other applicable provisions of the Dissolution Act (including, without limitation, any such litigation initiated by the City). “Invalidated Agreements” expressly do not include any agreements that are deemed valid following the final outcome of any of the events described in the preceding sentence, and expressly do not include any agreements that are described as being valid pursuant to Health and Safety Code Section 34178(b).

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, hereby approves the ROPS and the Successor Agency Administrative

Budget, which contains the Successor Agency Administrative Cost Estimates (Attachment A to this Resolution). Copies of the ROPS and the Successor Agency Administrative Budget are also on file with the City Clerk.

BE IT FURTHER RESOLVED that the City Council, acting as the Governing Board of the Successor Agency, hereby authorizes and directs the City Manager, acting on behalf of the Successor Agency, to file, post, mail or otherwise deliver via electronic mail, internet posting, and/or hardcopy, all notices and transmittals necessary or convenient in connection with the adoption of the Amended EOPS, approval of the ROPS, approval of the Successor Agency Administrative Budget containing the Successor Agency Administrative Cost Estimates, and other actions taken pursuant to this Resolution.

BE IT FURTHER RESOLVED that nothing in this Resolution shall abrogate, waive, impair or in any other manner affect the right or ability of the City, as a municipal corporation, to initiate and prosecute any litigation with respect to any agreement or other arrangement between the City and the Former RDA, including, without limitation, any litigation contesting the purported invalidity of such agreement or arrangement pursuant to the Dissolution Act.

BE IT FURTHER RESOLVED, that this Resolution shall take immediate effect upon adoption.

HAYWARD, CALIFORNIA, March 6, 2012

ADOPTED BY THE FOLLOWING VOTE:

AYES: BOARD MEMBERS:

NOES: BOARD MEMBERS:

ABSTAIN: BOARD MEMBERS:

ABSENT: BOARD MEMBERS:

ATTEST: \_\_\_\_\_  
Secretary of the Successor Agency of the  
City of Hayward

APPROVED AS TO FORM:

\_\_\_\_\_  
General Counsel

**Attachment A to Resolution RSA 12-01 - Preliminary Administrative Allowance Budget**

<b>Successor Agency Administrative Allowance - Proposed FY 2012 Budget</b> <b>(Based on \$250,000 for 5 months)</b>	
<b>Starting Budget Balance</b>	\$250,000
Employee Salaries & Benefits	(\$92,501)
Supplies and Services	(\$157,499)
<b><i>Balance Remaining</i></b>	(\$0)

<b>Successor Agency Administrative Allowance - Proposed FY 2012 Budget</b> <b>(Based on \$250,000 for 5 months)</b>
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<b>Starting Budget Balance</b>	\$250,000
Employee Salaries & Benefits	(\$92,501)
Supplies and Services	(\$157,499)
<b><i>Balance Remaining</i></b>	(\$0)

Name of Redevelopment Agency: Hayward Redevelopment Agency  
 Project Area(s): All

**ENFORCEABLE OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						
					Jan	Feb	Mar	Apr	May	Jun	Total <sup>1</sup>
1) 2004 Tax Allocation Bonds	Wells Fargo	Bond issue to fund non-housing projects	62,788,730.00	5,054,521.50					1,684,840.50	1,684,840.50	\$ 3,369,681.00
2) 2006 Tax Allocation Bonds	Wells Fargo	Bond issue to fund non-housing projects	23,005,214.00	959,010.00					319,670.00	319,670.00	\$ 639,340.00
3) Repayment Agreement with City of Hayward	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area	7,789,843.00	800,000.00							\$ -
4) SERAF	Hayward Housing Authority	Loan for SERAF FY10 and FY11 payments	3,876,516.00	1,292,172.00		258,434.40	258,434.40	258,434.40	258,434.40	258,434.40	\$ 1,292,172.00
5) Low-Mod Housing Set Aside <sup>2</sup>	Hayward Housing Authority	20% Low & Mod Income Housing Set Aside Required by H & S Code	944,298.16	944,298.16	944,298.16						\$ 944,298.16
6) Contract for Restaurant Consulting	Five Star Restaurant	One-on-one restaurant consulting/retail attraction	14,287.50	14,287.50	2,393.75	2,393.75					\$ 4,787.50
7) Contract for Foothill Façade Program	SZFM Design Studio Inc	Develop façade improvement design for two blocks on Foothill Blvd.	4,664.85	4,664.85				4,664.85			\$ 4,664.85
8) Foothill Façade Loans	Multiple Property Owners	Matching loan funds for property owners along Foothill Blvd for façade improvement program	1,126,863.00	1,126,863.00		3,772.60	3,772.60	3,772.60	1,111,772.60	3,772.60	\$ 1,126,863.00
9) Employee Costs <sup>3</sup>	Employees of Agency	Payroll for employees	533,252.93	533,252.93	61,368.17	27,082.80	17,020.65	25,530.99	17,020.65	17,020.65	\$ 165,043.91
10) Employee Leave Liability	Employees of Agency/ Liability Fund	Leave balance payoffs/liability fund deposit for employee leave costs	49,175.00	49,175.00		49,175.00					\$ 49,175.00
11) PERS Liability	Liability Fund	Liability Fund deposit for Agency employee PERS costs	666,235.40	666,235.40		666,235.40					\$ 666,235.40
12) OPEB Liability	Liability Fund	Liability Fund deposit for Agency employee OPEB costs	177,227.20	177,227.20		177,227.20					\$ 177,227.20
13) Agency insurance costs	City of Hayward	Liability Insurance	54,042.00	54,042.00	4,503.50	4,503.50	4,503.50	4,503.50	4,503.50	4,503.50	\$ 27,021.00
14) Legal fees	Goldfarb Lipman LLP	Outside legal counsel	66,880.48	66,880.48	5,573.37	5,573.37	5,573.37	5,573.37	5,573.37	5,573.37	\$ 33,440.24
15) Contract for South Hayward Form Based Code	Hall Alminana, Inc	Consultant to prepare new form-based code for South Hayward BART/Mission Blvd. Area	2,313.47	2,313.47							\$ -
16) Contract for Mission Blvd Specific Plan	Hall Alminana, Inc	Consultant to prepare specific plan for Mission Blvd corridor	213,649.44	213,649.44	30,539.22	30,539.22	30,539.22	30,539.22	30,539.22	30,539.22	\$ 183,235.33
17) Contract for Form Based Code EIR	Lamphier-Gregory	Consultant to prepare Supplemental Environmental Impact Report for South Hayward Form Based Code	5,653.17	5,653.17		815.87					\$ 815.87
18) Cost Allocation	City of Hayward	Payment for Administrative services (payroll, HR, etc) and overhead expenses	238,008.19	238,008.19	34,001.17						\$ 34,001.17
19) BIA Support	Hayward Business Improvement Association	Financial assistance to Downtown Business Association	55,000.00	55,000.00	4,583.33						\$ 4,583.33
20) Community Promotions	Various	Support to local non-profit organizations	75,000.00	75,000.00	37,500.00						\$ 37,500.00
21) Public Art	City of Hayward	Financial support for public art/graffiti abatement program in RDA project area	90,000.00	90,000.00	7,500.00						\$ 7,500.00
25) Successor Agency Admin Allowance	City of Hayward	Per ABx1 26, to cover administrative costs of Successor Agency	250,000.00	250,000.00		50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	\$ 250,000.00
26) Contract for Security Services	ABC Security Services	Security Patrol Services for Cinema Place garage	64,160.20	64,160.20	5,346.68	5,346.68	5,346.68	5,346.68	5,346.68	5,346.68	\$ 32,080.08
27) Contract for Security Alarm	ADT Security Services	Alarm Service for Cinema Place garage	2,093.81	2,093.81	174.48	174.48	174.48	174.48	174.48	174.48	\$ 1,046.88
28) Contract for Elevator Maint and Repair	Mitsubishi Electric	Cinema Place Elevator	6,206.74	6,206.74					6,206.74		\$ 6,206.74
29) Contract for Sweeping	Montgomery Sweeping Service	Cinema Place Garage Sweeping	9,360.00	9,360.00	780.00	780.00	780.00	780.00	780.00	780.00	\$ 4,680.00
30) Utilities	PGE	Cinema Place Garage Utilities	24,500.00	24,500.00	2,041.67	2,041.67	2,041.67	2,041.67	2,041.67	2,041.67	\$ 12,250.02
31) Utilities	City of Hayward	Cinema Place Water Utilities	500.00	500.00	41.67	41.67	41.67	41.67	41.67	41.67	\$ 250.02
32) Contract for Env Remediation Work	AEDIS Architecture & Planning	Burbank School Env Remediation Work	6,504.54	6,504.54		6,504.54					\$ 6,504.54
33) Contract for Env Remediation Work	TRC	Burbank School Env Remediation Work	20,000.00	20,000.00	5,208.96	5,208.96	5,208.96				\$ 15,626.87
34) Contract for Mural	Andrew Kong Knight	Cinema Place Mural	11,643.53	11,643.53	1,513.35	1,513.35	1,513.35	1,513.35	1,513.35	1,513.35	\$ 9,080.08
35) Contract for Eng Services	FBA, Inc	Engineering Services - deconstruct Centennial Hall	4,800.00	4,800.00		4,800.00					\$ 4,800.00
Totals - This Page			\$ 102,176,622.61	\$ 12,822,023.11	\$ 1,147,367.48	\$ 1,302,164.46	\$ 384,950.55	\$ 392,916.78	\$ 3,498,458.83	\$ 2,384,252.09	\$ 9,110,110.19
Totals - Page 2			\$ 67,695,458.42	\$ 2,410,599.58	\$ 969,696.33	\$ 61,073.39	\$ 56,105.39	\$ 53,531.78	\$ 53,531.78	\$ 74,237.53	\$ 1,306,667.41
Totals - Other Obligations			\$ -	\$ 984,936.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages			\$ 169,872,081.03	\$ 16,217,559.59	\$ 2,117,063.81	\$ 1,363,237.85	\$ 441,055.94	\$ 446,448.57	\$ 3,551,990.62	\$ 2,458,489.62	\$ 10,416,777.60

**Note 1:** This total only reflects payments required between 1/1/2012 and 6/30/2012 and not the total outstanding obligation.  
**Note 2:** This line item only reflects a deposit made to the Agency's Low Mod Housing Fund that was subsequently granted to the Housing Authority under the Agency/Authority Cooperation Agreement.  
**Note 3:** Eventually, employee costs after Agency dissolution will be covered under the Administrative Allowance once the budget for said allowance is approved by the Oversight Board.

Name of Redevelopment Agency: Hayward Redevelopment Agency  
 Project Area(s) All

**ENFORCEABLE OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						Total <sup>1</sup>
					Jan	Feb	Mar	Apr	May	Jun	
36) Contract for Env Remediation	ACC Environmental Consultants	Environmental Services - 22292 Foothill Blvd	3,580.00	3,580.00		3,580.00					\$ 3,580.00
37) Contract for Env Remediation	TRC	Residual Burbank Site - Removal Action Work	72,882.77	72,882.77		24,294.26	24,294.26	24,294.26			\$ 72,882.77
38) Project Delivery Costs - Burbank Residual Site	City of Hayward (Successor Agency)	Finalize negotiation and execution of Purchase and Sale Agreement - staff project mgmt costs	18,863.00	18,863.00		3,772.60	3,772.60	3,772.60	3,772.60	3,772.60	\$ 18,863.00
39) Property Disposition Costs - former Agency-held properties	City of Hayward (Successor Agency)	Staff project mgmt costs; legal fees; property mgmt costs; appraisal costs; other associated costs for property disposition	128,580.00	128,580.00		7,716.00	7,716.00	7,716.00	52,716.00	52,716.00	\$ 128,580.00
40) Contract for Env Remediation	AMEC Geomatrix Inc	Env Remediation - Cinema Place	195,070.82	195,070.82	17,748.93	17,748.93	17,748.93	17,748.93	17,748.93	17,748.93	\$ 106,493.56
41) Contract for Access Study	Nelson/Nygaard	Access Study - South Hayward BART TOD	1,388.00	1,388.00		1,388.00					\$ 1,388.00
42) Contract for Financial Analysis	Keyser Marston	Financial Analysis	20,000.00	20,000.00	2,573.61	2,573.61	2,573.61				\$ 7,720.83
43) Contract for CFD #2	Goodwin Consulting Group	Consultant to assist with creation of Community Facilities District #2 - Cannery Area	10,108.30	10,108.30					10,108.30		\$ 10,108.30
44) Contract for Financial Analysis	Keyser Marston Associates	Consultant to assist with financial analysis of RDA projects	5,075.63	5,075.63	5,075.63						\$ 5,075.63
45) Contract for Weed Removal	Art Cuevas Landscaping	Weed removal - various properties	1,935.50	1,935.50					1,935.50		\$ 1,935.50
46) Contract for Water Testing	SWRCB	Water testing at Cinema Place - monitoring of site	8,817.40	8,817.40					5,741.66		\$ 5,741.66
47) Cooperative Agreement (see subagreements below)	City of Hayward	To fund public improvements in the RDA project area	26,713,600.00								\$ -
47a) Mission/South Hayward BART Public Improvements (one-time)			12,700,000.00								\$ -
47b) Facilitate Redevelopment of City Center Campus (one-time)			4,500,000.00								\$ -
47c) Reevaluate and update Downtown Plan (one-time)			500,000.00								\$ -
47d) Complete Downtown Gateways Project (one-time)			200,000.00								\$ -
47e) Acquiring Mission Blvd Properties (one-time)			5,500,000.00								\$ -
47f) Implementation of Downtown Retail Attraction Program (one-time)			2,500,000.00								\$ -
47g) Implementation of Neighborhood Revitalization Programs (one-time)			250,000.00								\$ -
47h) Remediation of Residual Burbank Site (one-time)			250,000.00								\$ -
47i) Cinema Place Garage Maintenance (annual)			66,600.00								\$ -
47j) Business Improvement District Funding (annual)			55,000.00								\$ -
47k) Management of Agency Owned Properties (annual)			20,000.00								\$ -
47l) Community Promotions (annual)			75,000.00								\$ -
47m) Public Art (annual)			90,000.00								\$ -
47n) Ongoing env monitoring at Burbank School (annual)			7,000.00								\$ -
48) Cooperative Agreement (see subagreements below)	Hayward Housing Authority	To fund affordable housing projects in the City	39,663,000.00	944,298.16	944,298.16						\$ 944,298.16
48a) B&Grand Senior Housing (one-time)			1,320,000.00								\$ -
48b) A&Walnut Ownership Development (one-time)			1,210,000.00								\$ -
48c) South Hayward BART Senior and Family Housing (one-time)			7,700,000.00								\$ -
48d) Leidig Court (one-time)			220,000.00								\$ -

48e)	Habitat for Humanity Ownership Development (one-time)		1,650,000.00									\$ -
48f)	Purchase, Rehab, and Sale of Foreclosed Homes (one-time)		891,000.00									\$ -
48g)	237 Units Promised under 238 Settlement Agreement (one-time)		15,642,000.00									\$ -
48h)	Rehab of Existing Rental Housing Developments (annual)		1,650,000.00									\$ -
48i)	First-time Homebuyer Program (annual)		5,500,000.00									\$ -
48j)	Project Independence (Rental Assistance to Emancipated Youth) (annual)		330,000.00									\$ -
48k)	Housing Rehab Loan and Minor Home Repair Programs (annual)		550,000.00									\$ -
48l)	Monitoring and Enforcement for existing affordable housing projects and programs (annual)		3,000,000.00									\$ -
49)	First-time Homebuyer Program for 238 Settlement Agreement		1,000,000.00	1,000,000.00								\$ -
												\$ -
												\$ -
	Totals - This Page		\$ 67,695,458.42	\$ 2,410,599.58	\$ 969,696.33	\$ 61,073.39	\$ 56,105.39	\$ 53,531.78	\$ 92,022.99	\$ 74,237.53	\$ 1,306,667.41	

Note 1: This total only reflects payments required between 1/1/2012 and 6/30/2012 and not the total outstanding obligation.

Name of Redevelopment Agency: Hayward Redevelopment Agency  
 Project Area(s) All

**OTHER OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34167 and 34169 (\*)

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year <sup>1</sup>	Payments by month							
					Jan	Feb	Mar	Apr	May	Jun	Total <sup>2</sup>	
1) Pass Through Obligation	County General Fund	Pass Through Obligation	0.00	268,613.55								\$ -
2) Pass Through Obligation	Chabot-Las Positas Comm Coll	Pass Through Obligation	0.00	56,279.42								\$ -
3) Pass Through Obligation	Hayward U.S.D.	Pass Through Obligation	0.00	195,997.63								\$ -
4) Pass Through Obligation	New Haven U.S.D.	Pass Through Obligation	0.00	2,278.44								\$ -
5) Pass Through Obligation	County Sch TMR 1887	Pass Through Obligation	0.00	13.54								\$ -
6) Pass Through Obligation	County Sch PHY HDCP	Pass Through Obligation	0.00	50.43								\$ -
7) Pass Through Obligation	County Sch TMR PH CAP	Pass Through Obligation	0.00	1.13								\$ -
8) Pass Through Obligation	County Sch TMR PH TUIT	Pass Through Obligation	0.00	6.81								\$ -
9) Pass Through Obligation	County Supt Instr Pupils	Pass Through Obligation	0.00	3,694.93								\$ -
10) Pass Through Obligation	County Supt Juv Hall Ed	Pass Through Obligation	0.00	764.71								\$ -
11) Pass Through Obligation	County Supt Service	Pass Through Obligation	0.00	2,296.65								\$ -
12) Pass Through Obligation	County Supt Capital	Pass Through Obligation	0.00	1,769.59								\$ -
13) Pass Through Obligation	County Supt Dev Center	Pass Through Obligation	0.00	2,148.39								\$ -
14) Pass Through Obligation	County Supt Audio Vis Cap	Pass Through Obligation	0.00	460.40								\$ -
15) Pass Through Obligation	Flood Control	Pass Through Obligation	0.00	1,801.61								\$ -
16) Pass Through Obligation	Flood Control Zone 2	Pass Through Obligation	0.00	15,047.66								\$ -
17) Pass Through Obligation	Flood Control Zone 3A	Pass Through Obligation	0.00	11,829.75								\$ -
18) Pass Through Obligation	Flood Control Zone 4	Pass Through Obligation	0.00	610.46								\$ -
19) Pass Through Obligation	B.A. Air Quality Mgmt	Pass Through Obligation	0.00	2,498.10								\$ -
20) Pass Through Obligation	Mosq. Abatement	Pass Through Obligation	0.00	2,389.17								\$ -
21) Pass Through Obligation	AC Transit Sp Dist 1	Pass Through Obligation	0.00	62,127.40								\$ -
22) Pass Through Obligation	BART	Pass Through Obligation	0.00	8,502.36								\$ -
23) Pass Through Obligation	HARD	Pass Through Obligation	0.00	81,161.38								\$ -
24) Pass Through Obligation	E.B. Regional Park	Pass Through Obligation	0.00	45,665.95								\$ -
25) Pass Through Obligation	EBMUD	Pass Through Obligation	0.00	924.50								\$ -
26) Pass Through Obligation	City of Hayward	Pass Through Obligation	0.00	218,002.94								\$ -
27) ERAF Payment	County/State of CA	Statutory requirement	0.00	0.00								\$ -
28)												\$ -
<b>Totals - Other Obligations</b>			\$ -	\$ 984,936.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: These are the 2011 payment amounts that were paid to taxing entities in November 2011.  
 Note 2: This total only reflects payments required between 1/1/2012 and 6/30/2012 and not the total outstanding obligation.

Name of Redevelopment Agency: Hayward Redevelopment Agency  
 Project Area(s): All

**PRELIMINARY RECOGNIZED OBLIGATION PAYMENT SCHEDULE**  
 Per AB 26 - Section 34169, March 1, 2012

Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						
					Jan	Feb	Mar	Apr	May	Jun	Total <sup>1</sup>
1) 2004 Tax Allocation Bonds	Wells Fargo	Bond issue to fund non-housing projects	62,788,730.00	5,054,521.50					1,684,840.50	1,684,840.50	\$ 3,369,681.00
2) 2006 Tax Allocation Bonds	Wells Fargo	Bond issue to fund non-housing projects	23,005,214.00	959,010.00					319,670.00	319,670.00	\$ 639,340.00
3) Repayment Agreement with City of Hayward	City of Hayward	To fund start-up costs of Hayward Redevelopment Project Area	7,789,843.00	800,000.00							\$ -
4) SERAF	Hayward Housing Authority	Loan for SERAF FY10 and FY11 payments	3,876,516.00	1,292,172.00		258,434.40	258,434.40	258,434.40	258,434.40	258,434.40	\$ 1,292,172.00
5) Low-Mod Housing Set Aside <sup>2</sup>	Hayward Housing Authority	20% Low & Mod Income Housing Set Aside Required by H & S Code	944,298.16	944,298.16	944,298.16						\$ 944,298.16
6) Contract for Restaurant Consulting	Five Star Restaurant	One-on-one restaurant consulting/retail attraction	14,287.50	14,287.50	2,393.75	2,393.75					\$ 4,787.50
7) Contract for Foothill Façade Program	SZFM Design Studio Inc	Develop façade improvement design for two blocks on Foothill Blvd.	4,664.85	4,664.85				4,664.85			\$ 4,664.85
8) Foothill Façade Loans	Multiple Property Owners	Matching loan funds for property owners along Foothill Blvd for façade improvement program	1,126,863.00	1,126,863.00		3,772.60	3,772.60	3,772.60	1,111,772.60	3,772.60	\$ 1,126,863.00
9) Employee Costs <sup>3</sup>	Employees of Agency	Payroll for employees	533,252.93	533,252.93	61,368.17	27,082.80	17,020.65	25,530.99	17,020.65	17,020.65	\$ 165,043.91
10) Employee Leave Liability	Employees of Agency/ Liability Fund	Leave balance payoffs/liability fund deposit for employee leave costs	49,175.00	49,175.00		49,175.00					\$ 49,175.00
11) PERS Liability	Liability Fund	Liability Fund deposit for Agency employee PERS costs	666,235.40	666,235.40		666,235.40					\$ 666,235.40
12) OPEB Liability	Liability Fund	Liability Fund deposit for Agency employee OPEB costs	177,227.20	177,227.20		177,227.20					\$ 177,227.20
13) Agency insurance costs	City of Hayward	Liability Insurance	54,042.00	54,042.00	4,503.50	4,503.50	4,503.50	4,503.50	4,503.50	4,503.50	\$ 27,021.00
14) Legal fees	Goldfarb Lipman LLP	Outside legal counsel	66,880.48	66,880.48	5,573.37	5,573.37	5,573.37	5,573.37	5,573.37	5,573.37	\$ 33,440.24
15) Contract for South Hayward Form Based Code	Hall Alminana, Inc	Consultant to prepare new form-based code for South Hayward BART/Mission Blvd. Area	2,313.47	2,313.47							\$ -
16) Contract for Mission Blvd Specific Plan	Hall Alminana, Inc	Consultant to prepare specific plan for Mission Blvd corridor	213,649.44	213,649.44	30,539.22	30,539.22	30,539.22	30,539.22	30,539.22	30,539.22	\$ 183,235.33
17) Contract for Form Based Code EIR	Lamphier-Gregory	Consultant to prepare Supplemental Environmental Impact Report for South Hayward Form Based Code	5,653.17	5,653.17		815.87					\$ 815.87
18) Cost Allocation	City of Hayward	Payment for Administrative services (payroll, HR, etc) and overhead expenses	238,008.19	238,008.19	34,001.17						\$ 34,001.17
19) BIA Support	Hayward Business Improvement Association	Financial assistance to Downtown Business Association	55,000.00	55,000.00	4,583.33						\$ 4,583.33
20) Community Promotions	Various	Support to local non-profit organizations	75,000.00	75,000.00	37,500.00						\$ 37,500.00
21) Public Art	City of Hayward	Financial support for public art/graffiti abatement program in RDA project area	90,000.00	90,000.00	7,500.00						\$ 7,500.00
25) Successor Agency Admin Allowance	City of Hayward	Per ABx1 26, to cover administrative costs of Successor Agency	250,000.00	250,000.00		50,000.00	50,000.00	50,000.00	50,000.00	50,000.00	\$ 250,000.00
26) Contract for Security Services	ABC Security Services	Security Patrol Services for Cinema Place garage	64,160.20	64,160.20	5,346.68	5,346.68	5,346.68	5,346.68	5,346.68	5,346.68	\$ 32,080.08
27) Contract for Security Alarm	ADT Security Services	Alarm Service for Cinema Place garage	2,093.81	2,093.81	174.48	174.48	174.48	174.48	174.48	174.48	\$ 1,046.88
28) Contract for Elevator Maint and Repair	Mitsubishi Electric	Cinema Place Elevator	6,206.74	6,206.74					6,206.74		\$ 6,206.74
29) Contract for Sweeping	Montgomery Sweeping Service	Cinema Place Garage Sweeping	9,360.00	9,360.00	780.00	780.00	780.00	780.00	780.00	780.00	\$ 4,680.00
30) Utilities	PGE	Cinema Place Garage Utilities	24,500.00	24,500.00	2,041.67	2,041.67	2,041.67	2,041.67	2,041.67	2,041.67	\$ 12,250.02
31) Utilities	City of Hayward	Cinema Place Water Utilities	500.00	500.00	41.67	41.67	41.67	41.67	41.67	41.67	\$ 250.02
32) Contract for Env Remediation Work	AEDIS Architecture & Planning	Burbank School Env Remediation Work	6,504.54	6,504.54		6,504.54					\$ 6,504.54
33) Contract for Env Remediation Work	TRC	Burbank School Env Remediation Work	20,000.00	20,000.00	5,208.96	5,208.96	5,208.96				\$ 15,626.87
34) Contract for Mural	Andrew Kong Knight	Cinema Place Mural	11,643.53	11,643.53	1,513.35	1,513.35	1,513.35	1,513.35	1,513.35	1,513.35	\$ 9,080.08
35) Contract for Eng Services	FBA, Inc	Engineering Services - deconstruct Centennial Hall	4,800.00	4,800.00		4,800.00					\$ 4,800.00
Totals - This Page			\$ 102,176,622.61	\$ 12,822,023.11	\$ 1,147,367.48	\$ 1,302,164.46	\$ 384,950.55	\$ 392,916.78	\$ 3,498,458.83	\$ 2,384,252.09	\$ 9,110,110.19
Totals - Page 2			\$ 67,695,458.42	\$ 2,410,599.58	\$ 969,696.33	\$ 61,073.39	\$ 56,105.39	\$ 53,531.78	\$ 53,531.78	\$ 74,237.53	\$ 1,306,667.41
Totals - Other Obligations			\$ -	\$ 984,936.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Grand total - All Pages			\$ 169,872,081.03	\$ 16,217,559.59	\$ 2,117,063.81	\$ 1,363,237.85	\$ 441,055.94	\$ 446,448.57	\$ 3,551,990.62	\$ 2,458,489.62	\$ 10,416,777.60

Note 1: This total only reflects payments required between 1/1/2012 and 6/30/2012 and not the total outstanding obligation.

Note 2: This line item only reflects a deposit made to the Agency's Low Mod Housing Fund that was subsequently granted to the Housing Authority under the Agency/Authority Cooperation Agreement.

Note 3: Eventually, employee costs after Agency dissolution will be covered under the Administrative Allowance once the budget for said allowance is approved by the Oversight Board.

Name of Redevelopment Agency: Hayward Redevelopment Agency  
 Project Area(s) All

**PRELIMINARY RECOGNIZED OBLIGATION PAYMENT SCHEDULE**

Per AB 26 - Section 34169, March 1, 2012

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year	Payments by month						
						Jan	Feb	Mar	Apr	May	Jun	Total <sup>1</sup>
36)	Contract for Env Remediation	ACC Environmental Consultants	Environmental Services - 22292 Foothill Blvd	3,580.00	3,580.00		3,580.00					\$ 3,580.00
37)	Contract for Env Remediation	TRC	Residual Burbank Site - Removal Action Work	72,882.77	72,882.77		24,294.26	24,294.26	24,294.26			\$ 72,882.77
38)	Project Delivery Costs - Burbank Residual Site	City of Hayward (Successor Agency)	Finalize negotiation and execution of Purchase and Sale Agreement - staff project mgmt costs	18,863.00	18,863.00		3,772.60	3,772.60	3,772.60	3,772.60	3,772.60	\$ 18,863.00
39)	Property Disposition Costs - former Agency-held properties	City of Hayward (Successor Agency)	Staff project mgmt costs; legal fees; property mgmt costs; appraisal costs; other associated costs for property disposition	128,580.00	128,580.00		7,716.00	7,716.00	7,716.00	52,716.00	52,716.00	\$ 128,580.00
40)	Contract for Env Remediation	AMEC Geomatrix Inc	Env Remediation - Cinema Place	195,070.82	195,070.82	17,748.93	17,748.93	17,748.93	17,748.93	17,748.93	17,748.93	\$ 106,493.56
41)	Contract for Access Study	Nelson/Nygaard	Access Study - South Hayward BART TOD	1,388.00	1,388.00		1,388.00					\$ 1,388.00
42)	Contract for Financial Analysis	Keyser Marston	Financial Analysis	20,000.00	20,000.00	2,573.61	2,573.61	2,573.61				\$ 7,720.83
43)	Contract for CFD #2	Goodwin Consulting Group	Consultant to assist with creation of Community Facilities District #2 - Cannery Area	10,108.30	10,108.30					10,108.30		\$ 10,108.30
44)	Contract for Financial Analysis	Keyser Marston Associates	Consultant to assist with financial analysis of RDA projects	5,075.63	5,075.63	5,075.63						\$ 5,075.63
45)	Contract for Weed Removal	Art Cuevas Landscaping	Weed removal - various properties	1,935.50	1,935.50					1,935.50		\$ 1,935.50
46)	Contract for Water Testing	SWRCB	Water testing at Cinema Place - monitoring of site	8,817.40	8,817.40					5,741.66		\$ 5,741.66
47)	Cooperative Agreement (see subagreements below)	City of Hayward	To fund public improvements in the RDA project area	26,713,600.00								\$ -
47a)	Mission/South Hayward BART Public Improvements (one-time)			12,700,000.00								\$ -
47b)	Facilitate Redevelopment of City Center Campus (one-time)			4,500,000.00								\$ -
47c)	Reevaluate and update Downtown Plan (one-time)			500,000.00								\$ -
47d)	Complete Downtown Gateways Project (one-time)			200,000.00								\$ -
47e)	Acquiring Mission Blvd Properties (one-time)			5,500,000.00								\$ -
47f)	Implementation of Downtown Retail Attraction Program (one-time)			2,500,000.00								\$ -
47g)	Implementation of Neighborhood Revitalization Programs (one-time)			250,000.00								\$ -
47h)	Remediation of Residual Burbank Site (one-time)			250,000.00								\$ -
47i)	Cinema Place Garage Maintenance (annual)			66,600.00								\$ -
47j)	Business Improvement District Funding (annual)			55,000.00								\$ -
47k)	Management of Agency Owned Properties (annual)			20,000.00								\$ -
47l)	Community Promotions (annual)			75,000.00								\$ -
47m)	Public Art (annual)			90,000.00								\$ -
47n)	Ongoing env monitoring at Burbank School (annual)			7,000.00								\$ -
48)	Cooperative Agreement (see subagreements below)	Hayward Housing Authority	To fund affordable housing projects in the City	39,663,000.00	944,298.16	944,298.16						\$ 944,298.16
48a)	B&Grand Senior Housing (one-time)			1,320,000.00								\$ -
48b)	A&Walnut Ownership Development (one-time)			1,210,000.00								\$ -
48c)	South Hayward BART Senior and Family Housing (one-time)			7,700,000.00								\$ -
48d)	Leidig Court (one-time)			220,000.00								\$ -

48e)	Habitat for Humanity Ownership Development (one-time)		1,650,000.00									\$ -
48f)	Purchase, Rehab, and Sale of Foreclosed Homes (one-time)		891,000.00									\$ -
48g)	237 Units Promised under 238 Settlement Agreement (one-time)		15,642,000.00									\$ -
48h)	Rehab of Existing Rental Housing Developments (annual)		1,650,000.00									\$ -
48i)	First-time Homebuyer Program (annual)		5,500,000.00									\$ -
48j)	Project Independence (Rental Assistance to Emancipated Youth) (annual)		330,000.00									\$ -
48k)	Housing Rehab Loan and Minor Home Repair Programs (annual)		550,000.00									\$ -
48l)	Monitoring and Enforcement for existing affordable housing projects and programs (annual)		3,000,000.00									\$ -
49)	First-time Homebuyer Program for 238 Settlement Agreement		1,000,000.00	1,000,000.00								\$ -
												\$ -
												\$ -
	Totals - This Page		\$ 67,695,458.42	\$ 2,410,599.58	\$ 969,696.33	\$ 61,073.39	\$ 56,105.39	\$ 53,531.78	\$ 92,022.99	\$ 74,237.53	\$ 1,306,667.41	

Note 1: This total only reflects payments required between 1/1/2012 and 6/30/2012 and not the total outstanding obligation.

Name of Redevelopment Agency: Hayward Redevelopment Agency  
 Project Area(s) All

Page 1 of 1 Pages

**OTHER OBLIGATION PAYMENT SCHEDULE**

Per AB 26 - Section 34169, March 1, 2012

	Project Name / Debt Obligation	Payee	Description	Total Outstanding Debt or Obligation	Total Due During Fiscal Year <sup>1</sup>	Payments by month						
						Jan	Feb	Mar	Apr	May	Jun	Total <sup>2</sup>
1)	Pass Through Obligation	County General Fund	Pass Through Obligation	0.00	268,613.55							\$ -
2)	Pass Through Obligation	Chabot-Las Positas Comm Coll	Pass Through Obligation	0.00	56,279.42							\$ -
3)	Pass Through Obligation	Hayward U.S.D.	Pass Through Obligation	0.00	195,997.63							\$ -
4)	Pass Through Obligation	New Haven U.S.D.	Pass Through Obligation	0.00	2,278.44							\$ -
5)	Pass Through Obligation	County Sch TMR 1887	Pass Through Obligation	0.00	13.54							\$ -
6)	Pass Through Obligation	County Sch PHY HDCP	Pass Through Obligation	0.00	50.43							\$ -
7)	Pass Through Obligation	County Sch TMR PH CAP	Pass Through Obligation	0.00	1.13							\$ -
8)	Pass Through Obligation	County Sch TMR PH TUIT	Pass Through Obligation	0.00	6.81							\$ -
9)	Pass Through Obligation	County Supt Instr Pupils	Pass Through Obligation	0.00	3,694.93							\$ -
10)	Pass Through Obligation	County Supt Juv Hall Ed	Pass Through Obligation	0.00	764.71							\$ -
11)	Pass Through Obligation	County Supt Service	Pass Through Obligation	0.00	2,296.65							\$ -
12)	Pass Through Obligation	County Supt Capital	Pass Through Obligation	0.00	1,769.59							\$ -
13)	Pass Through Obligation	County Supt Dev Center	Pass Through Obligation	0.00	2,148.39							\$ -
14)	Pass Through Obligation	County Supt Audio Vis Cap	Pass Through Obligation	0.00	460.40							\$ -
15)	Pass Through Obligation	Flood Control	Pass Through Obligation	0.00	1,801.61							\$ -
16)	Pass Through Obligation	Flood Control Zone 2	Pass Through Obligation	0.00	15,047.66							\$ -
17)	Pass Through Obligation	Flood Control Zone 3A	Pass Through Obligation	0.00	11,829.75							\$ -
18)	Pass Through Obligation	Flood Control Zone 4	Pass Through Obligation	0.00	610.46							\$ -
19)	Pass Through Obligation	B.A. Air Quality Mgmt	Pass Through Obligation	0.00	2,498.10							\$ -
20)	Pass Through Obligation	Mosq. Abatement	Pass Through Obligation	0.00	2,389.17							\$ -
21)	Pass Through Obligation	AC Transit Sp Dist 1	Pass Through Obligation	0.00	62,127.40							\$ -
22)	Pass Through Obligation	BART	Pass Through Obligation	0.00	8,502.36							\$ -
23)	Pass Through Obligation	HARD	Pass Through Obligation	0.00	81,161.38							\$ -
24)	Pass Through Obligation	E.B. Regional Park	Pass Through Obligation	0.00	45,665.95							\$ -
25)	Pass Through Obligation	EBMUD	Pass Through Obligation	0.00	924.50							\$ -
26)	Pass Through Obligation	City of Hayward	Pass Through Obligation	0.00	218,002.94							\$ -
27)	ERAF Payment	County/State of CA	Statutory requirement	0.00	0.00							\$ -
28)												\$ -
<b>Totals - Other Obligations</b>				\$ -	\$ 984,936.90	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Note 1: These are the 2011 payment amounts that were paid to taxing entities in November 2011.

Note 2: This total only reflects payments required between 1/1/2012 and 6/30/2012 and not the total outstanding obligation.

**DATE:** March 6, 2012

**TO:** Mayor and City Council

**FROM:** Director of Finance

**SUBJECT:** Fiscal Year 2012 Mid-Year Budget Review & General Fund Ten-Year Plan Update

### **RECOMMENDATION**

That the Council reviews and comments on the FY 2012 General Fund Mid-Year Budget Review and Ten-Year Plan Update, and adopts the attached resolution approving the amendment to the City of Hayward Operating Budget for Fiscal Year 2012.

### **SUMMARY**

Staff is providing City Council with a mid-year update to the FY 2012 Adopted Budget and an update to the General Fund Ten-Year Plan.

*Mid-Year Review* – This mid-year financial report provides an overview of Fiscal Year (FY) 2012 General Fund revenues, expenditures, and fund balance projected through the remainder of the fiscal year. While the analysis includes adjustments to a number of General Fund revenue categories, the net impact results in a minimal increase in net revenues of about \$716,000. Currently, net General Fund expenditures are tracking fairly close to budget, so no significant variances are projected. As such, the overall financial situation remains relatively flat – with a modest net improvement of \$768,000, resulting in the need to use less General Fund Reserve by a like amount.

*General Fund Ten-Year Plan Update* – The Ten-Year Plan Update refines the forecast staff last presented on October 11, 2011. The model continues to confirm a significant structural deficit due to slow economic recovery, increased employee services costs, and deferred capital and maintenance needs (fleet, facilities, public safety and technology). In October 2011, staff projected a General Fund gap in FY 2013 of about \$14.2 million. Largely driven by the loss of transfers in from the Redevelopment Agency due to the State’s dissolution of the agency, the deficit for FY 2013 has increased by \$700,000.

## **BACKGROUND**

While the national economic news indicates a slow level of recovery, the City of Hayward is still feeling the impacts of the 2008 economic collapse. Depressed property values, unemployment and low consumer confidence continue to drive the sluggish economy. The City's property tax values continue to decline; however, sales tax revenues are showing modest improvements.

The City utilizes long-term financial planning to help navigate its fiscal challenges. Critical tools such as the General Fund Ten-Year Plan (and multi-year plans for other revenue funds) provide the framework for sound fiscal planning and decision-making. These tools also set the foundation for discussions with the City's bargaining units.

The mid-year review considers revenues and expenditures through the midpoint of the fiscal year – December 31, 2011 – and projects year-end results based on current trends. Overall, the projections for FY 2012 revenues and expenditures are basically on target, with a slight projected net improvement to the projected budget gap of \$768,000 – resulting in a revised deficit of \$3.4 million. Staff will continue to actively monitor the City's budget status and report any significant changes in either revenue or expenditure forecasts to the City Council through the Council Budget & Finance Committee or directly to the Council.

## **DISCUSSION**

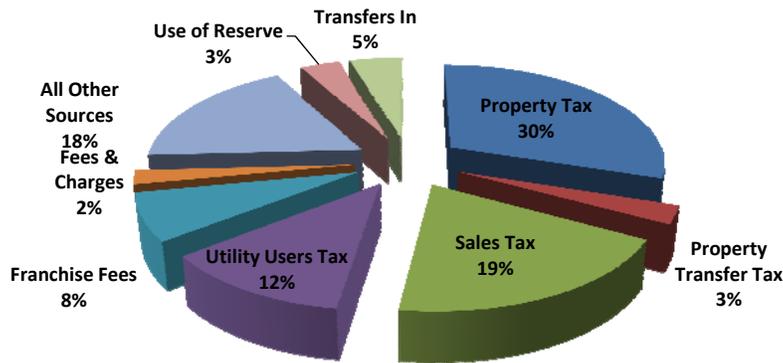
When City Council adopted the FY 2012 Budget in June 2011, it closed a \$20.6 million projected General Fund gap through \$16.4 million in expenditure reductions (some recurring, some one-time) and the adopted use of the General Fund Reserve of \$4.2 million. In reviewing the year-to-date FY 2012 revenues and expenditures, staff has adjusted some projections to reflect current trends, which somewhat lessen the need to use the Reserve. The key changes for FY 2012 and influences on the General Fund Ten-Year Plan projections are discussed below.

### **General Fund Revenues**

The FY 2012 Adopted Budget reflects conservative revenue projections, with minimal growth in most program areas. Projecting the City's revenues based on mid-year results and seasonal trends, staff is projecting receipt of approximately \$716,000 more in revenues than originally estimated. There are several significant variances from the adopted budget: an increase to sales tax revenue over original projections, which is offset by declines in franchise fees, inter-governmental revenue, and construction-related revenue.

The chart below reflects the components of the total \$122 million General Fund resources originally budgeted for FY 2012. This total includes the assumed use of \$4.2 million of the General Fund Reserve and transfers in from other sources – as reflected in the light pink pie slice in Table 1.

**Table 1 – FY 2012 Adopted Budget Resources**



Representing fifty percent of the total General Fund revenues, property and sales taxes are the two major revenues that influence the City’s budget – and both have been significantly affected by the economic recession over the past four years. As a point of comparison, when total General Fund revenues are adjusted to remove the utility user’s tax revenue, which was not available in FY 2008, total revenue for the FY 2012 Adopted Budget is about \$7 million less than in FY 2008.

Overall (see Table 2), FY 2012 year-end revenues are projected to be 0.6% higher than originally projected. Some of these revised projections will influence the General Fund Ten-Year plan projections – lowering the FY 2013 projections by 0.3%.

***General Fund Revenue Variance Analysis***

The following analysis highlights key revenue variances as they pertain to FY 2012 mid-year projections and the resultant impact on future year projections as included in the General Fund Ten-Year Plan. These are projections based on year-to-date data, and will be closely monitored for the remainder of the fiscal year.

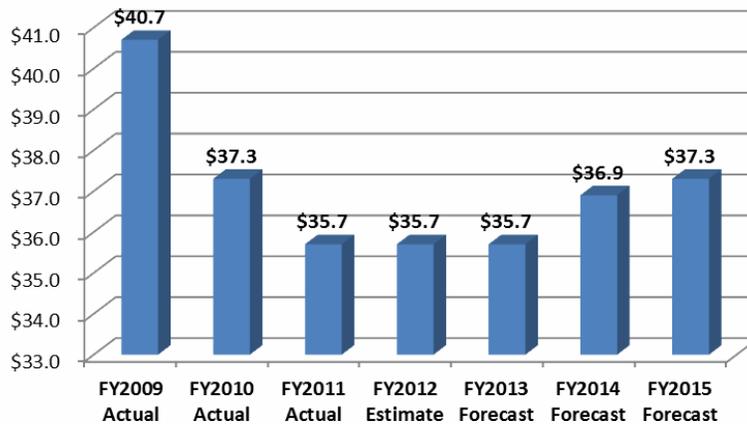
**Table 2 – General Fund Revenue Variance Summary**

Revenue (in 1,000's)	Fiscal Year 2012				Fiscal Year 2013			
	Adopted	Projected	\$ Change	% Change	Original Forecast	Revised Forecast	\$ Change	% Change
Property Tax	36,654	35,960	(694)	-1.9%	35,977	36,037	60	0.2%
Sales Tax	23,647	25,777	2,130	9.0%	26,059	26,293	234	0.9%
UUT	14,800	14,800	-	0.0%	15,170	15,170	-	0.0%
Franchise Fees	9,126	9,083	(43)	-0.5%	9,429	9,304	(125)	-1.3%
Property Transfer Tax	3,491	3,500	9	0.2%	3,672	3,570	(102)	-2.8%
Other Taxes	5,370	5,510	140	2.6%	5,477	5,620	143	2.6%
Charges for Services	7,927	7,321	(606)	-7.6%	8,072	7,467	(605)	-7.5%
Other Revenue	3,694	3,728	34	0.9%	3,816	3,851	35	0.9%
Intergovernmental	4,489	4,233	(256)	-5.7%	3,149	3,223	74	2.4%
Fines and Forfeitures	2,410	2,488	78	3.2%	2,421	2,499	78	3.2%
Interest and Rents	526	450	(76)	-14.4%	395	276	(119)	-30.1%
<b>Totals</b>	<b>112,134</b>	<b>112,850</b>	<b>716</b>	<b>0.6%</b>	<b>113,637</b>	<b>113,310</b>	<b>(327)</b>	<b>-0.3%</b>

**Property Tax**

FY 2012 Mid-Year -\$694K: For FY 2012, estimates were based on actuals from FY 2010 (the most recent year of actual data available). FY 2011 actual revenues performed at a lower level – reflecting a lack of growth in assessed value. Given the FY 2011 performance, year-to-date receipts for FY 2012, and the Assessed Valuation Certificate received from the County Auditor Controller in August 2011 (which indicates an overall decrease in secured property of 0.25%), staff is adjusting the estimate for FY 2012 down by about \$700,000.

**Table 3 – Property Tax Revenues**



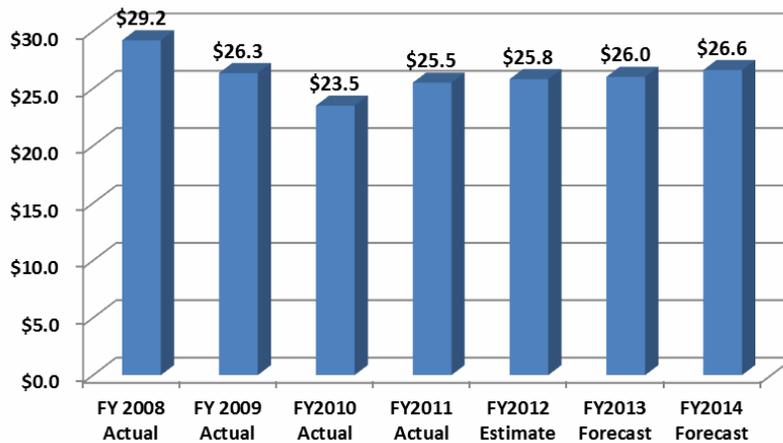
Ten-Year Plan (no significant change): Growth assumptions for FY 2013 reflect the reduction in valuations mentioned above and include reductions to secured and unsecured property tax revenues. These are slightly offset by an assumed increase in Airport-related property tax

revenues due to an increase of activity at the airport. Staff believes that this represents the “bottom” of the market decline and out-year projections show modest growth starting in FY 2014. However, there is no agreement among financial industry “experts,” the housing industry, or economists as to how long the bottom may continue before the “modest” growth begin. FY 2014 assumes increased tax revenue from the completion of the CalPine facility.

**Sales Tax**

FY 2012 Mid-Year +\$2.1M: For FY 2012, staff estimated sales tax revenue to be consistent with what was budgeted for FY 2011 (and driven by poor performance in FY 2010). Based on receipts through December and projections from the City’s sales tax consultant, MuniServices, staff is reinforcing projections from earlier this fiscal year that sales tax revenue will continue to be above the original projection by \$2.1 million. This is consistent with the FY 2011 performance and represents a modest 1.1% growth over FY 2011.

**Table 4 – Sales Tax Revenues**



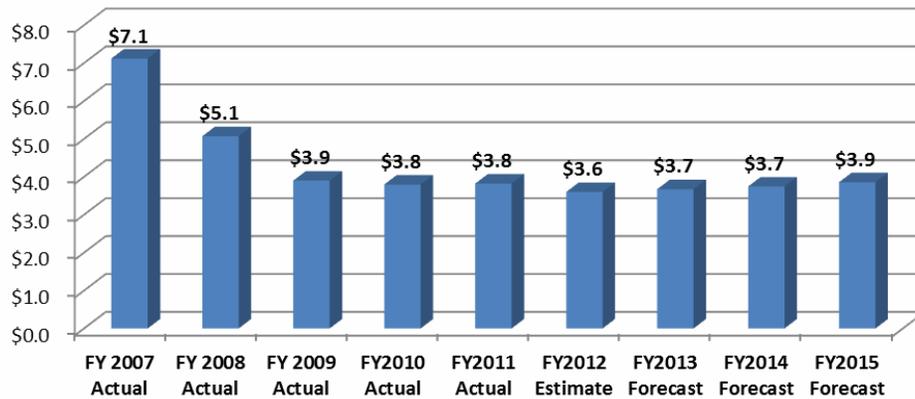
Ten-Year Plan +\$234K: For FY 2013, staff estimates sales tax revenue to increase 2.0% over the projected amount for FY 2012. This modest growth reflects the most recent Sales Tax analysis completed by the City’s sales tax consultant, and indicates relatively slow growth for Hayward compared to the Alameda countywide average. The most recent four quarters for Hayward of net cash receipts (January 2010-December 2011) indicate a 3.9% increase (compared to a countywide average growth of 9.4%). Out-year projections assume a relatively mild economic recovery, with annual growth of 3%.

**Real Property Transfer Tax**

FY 2012 Mid-Year (no significant change): The FY 2012 Adopted Budget includes \$3.5 million in annual revenue from Real Property Transfer Tax, down by almost 50% since the \$7.1 million received in FY 2007. Through January 2012, the City has received \$2.74 million, with the spring sales season still to come. It is reasonable to expect that the City will receive another \$1,000,000 from this revenue source from February through June: since FY 2009, the City has received from \$1.7 million to \$2.2 million annually during the February through June timeframe. However, staff

is reluctant to increase this estimate at this time due to the extremely volatile nature of this revenue source.

**Table 5 – Real Property Transfer Tax Revenues**



**Ten-Year Plan - \$102K:** As the housing market is still years away from a full recovery, the Plan remains conservative in its estimations for the out years. The revised Plan reflects a 2% growth in FY 2013, which is an adjustment down from previous projections. Most increases range between 2-3% over the next ten years. As a point of comparison, as depicted in the chart below, the City is a long way from the revenue levels attained in FY 2007.

**Charges for Services FY 2012 Mid-Year: -\$606K; Ten-Year Plan -\$605K**

The Charges for Services revenue category is comprised of three major program areas: Construction Related Fees, Fees and Service Charges, and Licenses and Permits. Overall, staff is projecting reductions in FY 2012 and beyond, described in detail by category below.

**Construction Related Fees**

**FY 2012 Mid-Year -\$698K:** Most of the construction-related revenues pertaining to permits, plan checks, and inspections benefitted greatly in FY 2011 from the infusion of several large projects, most notably the recent phases of the Cannery residential development as well as new tenants in the Target Center (i.e. Fresh and Easy, Carter’s, Five Guys, etc.). Thus far through this fiscal year, development has not kept pace with what transpired last fiscal year, and therefore, staff recommends a lowering of the estimate for FY 2012 by about \$700 thousand.

Construction Related Revenue	FY 2012 Adopted	FY 2012 Projected	Variance
Construction Permits	1,263	1,217	(46)
Plan Checking Fees	846	687	(159)
Supplemental Improvement Tax	714	400	(314)
New Construction Inspections	846	667	(179)
<b>Total</b>	<b>3,669</b>	<b>2,971</b>	<b>(698)</b>

Of the four subsections that comprise this revenue stream, the supplemental improvement tax is the primary underperformer. This tax, assessed on all new projects and for tenant improvements where there is a change in use, is reflecting an end-of-year estimate, which is closer to \$400,000 than the FY 2012 budgeted amount of \$714,000. Since many of the projects in FY 2012 have dealt with tenant improvements that involved no change in use, this tax is not applicable. Since its inception in 2009, this tax has been subject to some degree of volatility and generally mirrors the ongoing depression in residential and business development. Likewise, the other components are showing a general, mild weakness in the need for plan check/inspection services through December, and that trend is expected to continue through June. While the Adopted Budget for FY 2012 and projections for future years cannot predict projects not yet submitted to the City, Finance staff will work closely with Planning staff to gauge the potential for future large-scale projects in FY 2013 and beyond to provide more accurate revenue estimates in this area.

Ten-Year Plan (-\$605K): While the adjusted estimate for FY 2012 reflects a slowdown in development-related activity, the FY 2013 projection assumes that there will be a very modest uptick in activity of approximately 2% over FY 2012 levels. Future years reflect similar growth, however, this revenue category will continue to be weighed down by lowered revenue expectations for the Supplemental Improvement Tax. Revenue generation from this tax is expected to continue to underperform by about \$300,000 versus what was originally projected in FY 2013.

### ***Fees and Service Charges***

FY 2012 Mid-Year (-\$185K): Revenues in this category primarily pertain to Police, Fire, and rental inspection fees. While most of the estimates to the end of the fiscal year closely match their budgets, Police and Fire fees and service charges are expected to drop slightly, thereby reducing the total expected revenue in this category from \$2.7 million to \$2.5 million.

	FY 2012	FY 2012	
<b>Fees and Service Charges</b>	<b>Adopted</b>	<b>Projected</b>	<b>Variance</b>
Police Fees and Service Charges	1,126	983	(143)
Fire Fees and Service Charges	674	632	(42)
Residential Rental Inspections	435	435	-
Other Fees and Service Charges	469	469	-
<b>Total</b>	<b>2,704</b>	<b>2,519</b>	<b>(185)</b>

Ten-Year Plan (no significant change): All of the fees in this category are projected to increase by 2% per year, after adjusting for the FY 2012 projection.

### **Intergovernmental Revenue**

FY 2012 Mid-Year (-\$256K): This component of the revenue stream is comprised of five revenue categories. The largest category is police grants/reimbursements, representing over 67% of the budgeted amount, and projected to collect \$110,000 more this year than what was budgeted. Much of the increase is associated with reimbursements for police staff time pertaining to providing enforcement services to other agencies, such as the Hayward Unified School District. In addition, grants secured by the Library are projected to exceed budget by \$175,000.

However, these increases are more than offset by two substantial decreases, the first of which pertains to the vehicle license fee (VLF). Per State action, the VLF was permanently eliminated early this fiscal year and represents a budgeted decrease of \$200,000 this fiscal year to intergovernmental revenues. Mutual aid reimbursement for Fire-related services is also expected to decrease by \$340,000 this fiscal year, as the level of needed mutual aid assistance is not expected to meet what was anticipated in the Adopted Budget for FY 2012.

<b>Inter-Governmental Revenue</b>	<b>FY 2012 Adopted</b>	<b>FY 2012 Projected</b>	<b>Variance</b>
Police Grants/Reimbursements	3,263	3,375	112
Vehicle License Fee	278	76	(202)
Fire Mutual Aid Reimbursement	390	49	(341)
Library Grants	86	261	175
Fire County EMS Reimbursement	472	472	-
<b>Total</b>	<b>4,489</b>	<b>4,233</b>	<b>(256)</b>

*Ten-Year Plan (no significant change):* There are two primary changes in this revenue category. The first is the loss of the State Vehicle License Fee (VLF) revenue effective FY 2012. Prior to the start of FY 2012, the Governor signed SB89, which shifted hundreds of millions of Vehicle License Fee revenues to fund State law enforcement grants beginning in FY 2012. While the City will see some funding restored in law enforcement grant funding – this is a direct loss to the City’s General Fund. The City received \$695,000 in VLF funding in FY 2011. While the City received a very minimal, residual amount at the start of FY 2012, this revenue source will be zeroed out for FY 2013 onwards.

The second change is the conclusion of the Federal ARRA COPS grant effective FY 2013 totaling about \$1 million. This grant funds nine police officer positions. The grant requires that the City continue to fund these positions one year following the conclusion of the grant (FY 2014) – and \$1 million in funding toward this requirement is designated in the reserves.

**Other Taxes**

*FY 2012 Mid-Year +\$140K:* In addition to real property transfer taxes noted separately above, the other three items associated with this revenue source are taxes for business licenses, emergency facilities, and lodging facilities (transient occupancy tax). While the business license tax and emergency facilities tax are expected to meet the estimates in the Adopted Budget for 2012, transient occupancy taxes (TOTs) are trending slightly higher through December than what was budgeted. Therefore, staff is recommending an increase to TOT of \$140,000 for the remainder of FY 2012.

*Ten-Year Plan (no significant change):* The forecast assumes modest increases of 2% to 3% for the Transient Occupancy and Emergency Facilities Taxes starting in FY 2013. Business License taxes are projected to increase by 2% per year, with a temporary “spike” in Business License revenue of 10% forecast for FY 2016 due to potential changes in the ordinance.

## **Fines and Forfeitures**

FY 2012 Mid-Year +\$78K: Consisting of eight subcategories, the majority of revenue in this category is comprised of in-house parking citations, criminal fines, and the photo red light program. In total, program revenues are projected to increase over what was budgeted in FY 2012, led by projected increases of \$270,000 and \$177,000 to criminal fines and in-house parking citations, respectively; the increases are primarily due to the number of citations issued during the first half of the year.

However, much of this increase is tempered by a \$198,000 reduction to photo red light fines, as offenders are less able to pay the fees and are opting for community service instead. Based on current trends, vehicle fines are also predicted to decline somewhat, resulting in a reduction of \$84,000. In addition, with administrative citations proving to be difficult to collect, the estimated revenue for this item is expected to be reduced from \$91,000 to \$5,000.

<b>Fines and Forfeitures</b>	<b>FY 2012 Adopted</b>	<b>FY 2012 Projected</b>	<b>Variance</b>
Vehicle Fines	285	201	(84)
Parking Citations – In House	464	641	177
Parking Citations – DMV	101	112	11
FTB Parking Tax Offset	4	4	-
Photo Red Light	1,198	1,000	(198)
Criminal Fines	160	430	270
Library Fines	107	95	(12)
Administrative Citations	91	5	(86)
<b>Total</b>	<b>2,410</b>	<b>2,488</b>	<b>78</b>

Ten-Year Plan (no significant change): The FY 2012 estimate reflects the conservative stance taken on this revenue, with an assumption that the level of revenue realized in FY 2011 for the photo red light program cannot be sustained over the long-term and will eventually level off and/or decline. Therefore, FY 2013 projections are very similar to the FY 2012 Adjusted projections.

### **Transfers In: Ten-Year Plan -\$408K**

With the dissolution of Hayward's Redevelopment Agency, the City will no longer charge indirect overhead costs to the program – as these will not be eligible costs under the new Successor Agency. This is a significant loss of over \$400,000 in recurring General Fund revenue.

## **General Fund Expenditures**

Overall, the FY 2012 General Fund expenditure budget is tracking \$52,000 (0.04%) under the Adopted Budget. While several line items are adjusted as a result of the mid-year analysis and mid-year budget adjustments, the overall projection remains relatively unchanged.

**Table 6 – General Fund Expenditures**

<b>General Fund Expenditures (in 1,000's)</b>	<b>FY 2012 Adopted</b>	<b>FY 2012 Projected</b>	<b>\$ Variance</b>	<b>% Variance</b>
<b>Personnel Expenses</b>				
Salary	62,972	63,847	875	1.4%
Overtime	3,811	4,397	586	15.4%
Vacancy Savings	(1,303)	(1,303)	-	0.0%
Medical Benefits	8,911	8,512	(399)	-4.5%
Retiree Medical	2,560	2,560	-	0.0%
Other Benefits	7,473	7,928	455	6.1%
PERS	18,447	18,278	(169)	-0.9%
Interdepartmental (ID) Charges	(5,021)	(5,731)	(710)	14.1%
Furlough Savings	(1,617)	(1,617)	-	0.0%
<b>Net Personnel Expense</b>	<b>96,232</b>	<b>96,870</b>	<b>638</b>	<b>0.7%</b>
<b>Operating Expenses</b>				
Maintenance & Utilities	1,017	690	(327)	-32.2%
Supplies & Services	7,080	6,178	(902)	-12.7%
Internal Service Fees	9,280	9,280	-	0.0%
Capital	14	43	29	208.6%
Transfers out	8,329	8,329	-	0.0%
FY 2012 Mid-Year Adjustments	-	511	511	
<b>Net Operating Expense</b>	<b>25,720</b>	<b>25,030</b>	<b>690</b>	<b>-2.7%</b>
<b>Total Expenditures</b>	<b>121,952</b>	<b>121,901</b>	<b>(51)</b>	<b>-0.04%</b>

*Net Staffing Expense +\$638K*

- Salaries reflect one-time, unbudgeted vacation/leave payouts as well as worker's compensation payments that are not specifically budgeted in the operating budget. Salary savings is generally assumed to cover this cost.
- The FY 2012 budget was formulated based on most non-sworn bargaining units agreeing to a 5% concession/furlough and an additional salary savings of approximately \$1.3 million accomplished by vacancies in budgeted positions. The forecast continues to assume these savings.
- Overtime is tracking a bit over budget due to some position vacancies and the operational need to backfill some of these vacancies with overtime at specific times during the year. The overtime budget for public safety was significantly reduced in the FY 2012 Adopted Budget as a balancing measure. Since this was a one-time measure, the FY 2013 forecast restores the overtime budgets to prior year levels.
- Medical expenses indicate a savings due to actual rates coming in lower than originally projected in the Adopted Budget.
- Interdepartmental (ID) charges are trending higher than expected due to staff working on more capital projects during FY 2012 (i.e. Route 238 project). This higher level of charges to funds other than the General Fund results in a savings to the General Fund.

### *Net Operating Expenses (-\$690K)*

Several variables contribute to this net savings:

- Staff is projecting a \$327,000 savings in maintenance and utility costs to the end of the fiscal year after considering year-to-date and seasonal influences.
- Staff is projecting a \$902,000 savings in supplies and services through the end of the fiscal year based on prudent departmental management of expenses.
- Mid-year budget adjustments total \$511,000. These adjustments reflect new appropriations for grant funds received after the FY 2012 budget was adopted.

### **Ten-Year General Fund Plan Update**

Attachment II provides a summary of the Ten-Year Plan. The revised FY 2013 Plan projects a \$14.9 million deficit, which is an increase of \$700,000 over the original deficit projection last presented to City Council in December 2011, and includes the loss of \$400,000 in RDA revenue as described earlier in the report. The Plan also reflects all contractually obligated adjustments; and recurring and/or structural labor concessions agreed to as part of the FY 2012 budget.

Labor negotiations have occurred since the start of the fiscal year and are ongoing; it is hoped that all negotiations will conclude by early spring prior to Council consideration of the FY 2013 budget. At that point, staff will be in a position to better analyze employee expenses and determine how much of the structural deficit remains or has been eliminated. This will allow for preparation of a better forecast of the deficit going forward. Staff will report the results of the negotiations to Council throughout the budget process this spring.

### **Expenditures & Revenues – Enterprise Funds**

Although the General Fund is the central focus of this mid-year report, it is important to briefly mention the fiscal health of the City's key enterprise funds: Airport, Wastewater, and Water. All three funds maintain healthy fund balances over a five year forecast – inclusive of planned capital costs. Staff will provide a more detailed analysis of the City's other revenue funds as part of the FY 2013 & FY 2014 Proposed Budget that will be presented on May 1, 2013.

### **Mid-Year Adjustments**

After reviewing programmatic expenditures with each department, there are several adjustments needed prior to the end of FY 2012 in order to accommodate new grant revenues received during the fiscal year. Attachment III provides a summary of all recommended budget adjustments. Below is a brief overview.

#### **General Fund – Fund 100**

##### *City Clerk +\$120,000*

The City Clerk's office has received recent information from the Alameda County Registrar of Voters that the cost for the June election could range between \$3 and \$5 per voter, rather than the currently budgeted cost of approximately \$3 per voter. Among the factors driving the potential higher cost for the election is the need to publish the voter pamphlet in five languages. If the

amount per voter were to be \$5, an additional \$120,000 would be needed in the City Clerk's supplies and services budget to absorb the cost. Staff recommends making this adjustment now in anticipation of the possible range of voter costs.

### *Police*

The Police Department has requested the appropriation of grant funds associated with several support programs authorized during the first half of the fiscal year. These appropriations are offset by a like amount of grant revenue.

- 1) Avoid the 21 Campaign (\$13,942) – This grant, which provides for sobriety checkpoint services, was authorized in October for this fiscal year.
- 2) Grant for Bullet-Proof Vests (\$2,105) – Funds pertaining to this grant will pay for half of the cost for the number of vests requested by the Police Department.
- 3) Our Kids Contract (\$4,677) – Monies secured as part of this grant provide funding for youth diversion and anti-gang programs.
- 4) Delinquency Network Prevention Program (\$370,600) – Although funds for this grant have been received in the past as part of an ongoing contract, the signed agreement for this year's grant was not received until last November, and therefore was not included in the Adopted Budget for FY 2012.

### Fund 220:

*Library:* Within the past month, the Library was able to successfully secure a \$3,000 Library Services and Technology Act grant for the Infinite Visions Book-to-Action project.

### Fund 278:

COPS Supplemental Enforcement (\$235,602) – Received earlier this fiscal year, monies associated with this State grant assist the City with funding front-line police officers. This is considered recurring revenue.

### Capital Improvement Fund 410:

Staff recommends appropriation of fund balance from the CIP Fund to address critical capital needs not originally included in the CIP Plan for this year. These include: funding for improvements to the sound system in the City Hall rotunda; replacement of the screens in the Council Chambers; community survey; and funding for a Citywide disaster preparation exercise.

## **FISCAL IMPACT**

The overall fiscal impact of the proposed budget revenue adjustments and changes to the FY 2012 Budget results in an increase to fund balance of \$768,000 over the Adopted Budget fund balance – reducing the projected deficit to \$3.44 million.

## **NEXT STEPS**

Upon approval by Council of the recommendations contained herein, staff will post the budget amendments per the approved resolution.

*Prepared by:* Tracy Vesely, Director of Finance

Approved by:



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Fran David, City Manager

Attachments:

- Attachment I: Resolution (Amending Operating Budget Resolution)
- Attachment II: Updated Version of Ten-Year Plan
- Attachment III: FY 2012 Mid-Year Adjustment Summary

HAYWARD CITY COUNCIL

RESOLUTION NO. 12-

Introduced by Council Member

RESOLUTION AMENDING RESOLUTION 11- 015, AS AMENDED, THE BUDGET RESOLUTION FOR THE CITY OF HAYWARD OPERATING BUDGET FOR FISCAL YEAR 2012, RELATING TO AN APPROPRIATION OF FUNDS

BE IT RESOLVED by the City Council of the City of Hayward that Resolution No. 11-015, as amended, the Budget Resolution for the City of Hayward Operating Budget for Fiscal Year 2012, is hereby amended by approving the General Fund changes indicated below.

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the following revenue estimate amounts are hereby amended:

I. CHANGE OF REVENUE ESTIMATE TO THE GENERAL FUND

<u>Fund</u>	<u>Revenue</u>	<u>Amendment</u>
100	Property Tax	(694,000)
100	Sales Tax	2,130,000
100	Franchise Fees	(43,000)
100	Real Property Transfer Tax	9,000
100	Other Taxes	140,000
100	Charges for Service	(606,000)
100	Other Revenue	34,000
100	Intergovernmental	(256,000)
100	Fines & Forfeitures	78,000
100	Interest on Rents	(76,000)
	Net Change to Revenue Estimate	716,000

BE IT FURTHER RESOLVED by the City Council of the City of Hayward that the following revenue estimate amounts are hereby amended:

II. CHANGE OF EXPENDITURE ESTIMATE TO THE GENERAL FUND



e	g	h	i	j	k	l	q
Adopted FY 2012	(3/12) Projected FY 2012	F - Yr 1 Forecast FY 2013	F - Yr 2 Forecast FY 2014	F - Yr 3 Forecast FY 2015	F - Yr 4 Forecast FY 2016	F - Yr 5 Forecast FY 2017	F - Yr 10 Forecast FY 2022
36,654	35,960	36,037	37,220	37,620	38,361	38,793	41,421
23,647	25,777	26,293	27,081	27,894	28,731	29,592	34,306
14,800	14,800	15,170	15,625	16,094	16,577	16,742	-
9,126	9,083	9,304	9,535	8,977	8,397	8,024	7,470
3,491	3,500	3,570	3,641	3,751	3,863	3,940	4,351
5,370	5,510	5,620	5,960	6,052	6,366	6,466	6,994
7,927	7,321	7,467	7,617	7,799	8,047	8,144	8,921
3,694	3,728	3,851	3,979	4,114	4,256	4,405	5,269
4,489	4,233	3,223	3,238	3,253	3,268	3,284	3,372
2,410	2,488	2,499	2,509	2,520	2,531	2,542	2,599
526	450	276	101	0	0	0	0
<b>112,134</b>	<b>112,850</b>	<b>113,310</b>	<b>116,508</b>	<b>118,073</b>	<b>120,396</b>	<b>121,934</b>	<b>114,701</b>
<b>5,606</b>	<b>5,606</b>	<b>4,652</b>	<b>4,787</b>	<b>5,199</b>	<b>5,353</b>	<b>5,514</b>	<b>6,440</b>
<b>117,740</b>	<b>118,456</b>	<b>117,961</b>	<b>121,295</b>	<b>123,272</b>	<b>125,749</b>	<b>127,448</b>	<b>121,141</b>
62,972	63,847	65,700	68,243	69,607	70,999	72,418	79,952
3,811	4,397	5,424	5,532	5,643	5,756	5,871	6,355
(1,303)	(1,303)	-	-	-	-	-	-
8,911	8,512	9,713	10,684	11,753	12,928	14,221	22,902
2,560	2,560	2,702	2,869	3,051	3,249	3,465	4,875
7,473	7,928	7,814	8,078	8,283	8,443	8,602	9,446
18,447	18,278	20,230	22,261	23,007	23,729	24,472	27,685
(5,021)	(5,731)	(5,146)	(5,249)	(5,354)	(5,461)	(5,571)	(6,150)
(1,617)	(1,617)	-	-	-	-	-	-
<b>96,232</b>	<b>96,870</b>	<b>106,436</b>	<b>112,418</b>	<b>115,990</b>	<b>119,642</b>	<b>123,477</b>	<b>145,065</b>
1,017	690	1,038	1,058	1,080	1,101	1,123	1,240
7,080	6,178	7,222	7,367	7,514	7,664	7,817	8,631
9,280	9,280	9,465	9,655	9,848	10,045	10,246	11,312
14	43	-	-	-	-	-	-
<b>17,391</b>	<b>16,191</b>	<b>17,725</b>	<b>18,080</b>	<b>18,441</b>	<b>18,810</b>	<b>19,186</b>	<b>21,183</b>
<b>113,624</b>	<b>113,061</b>	<b>124,161</b>	<b>130,497</b>	<b>134,431</b>	<b>138,452</b>	<b>142,663</b>	<b>166,249</b>
<b>8,329</b>	<b>8,329</b>	<b>6,971</b>	<b>7,627</b>	<b>7,301</b>	<b>7,814</b>	<b>8,431</b>	<b>9,781</b>
-	-	310	310	310	310	310	310
-	-	-	-	743	1,515	2,318	6,691
-	-	590	590	590	590	590	590
-	-	910	1,283	585	778	670	320
-	-	<b>1,810</b>	<b>2,183</b>	<b>2,228</b>	<b>3,193</b>	<b>3,888</b>	<b>7,911</b>
	<b>511</b>						
<b>121,952</b>	<b>121,901</b>	<b>132,942</b>	<b>140,307</b>	<b>143,960</b>	<b>149,459</b>	<b>154,983</b>	<b>183,941</b>
<b>(4,212)</b>	<b>(3,444)</b>	<b>(14,980)</b>	<b>(19,012)</b>	<b>(20,688)</b>	<b>(23,710)</b>	<b>(27,535)</b>	<b>(62,799)</b>
<b>30,258</b>	<b>30,258</b>	<b>26,813</b>	<b>11,833</b>	<b>(7,180)</b>	<b>(27,868)</b>	<b>(51,578)</b>	<b>(262,612)</b>
<b>(4,212)</b>	<b>(3,444)</b>	<b>(14,980)</b>	<b>(19,012)</b>	<b>(20,688)</b>	<b>(23,710)</b>	<b>(27,535)</b>	<b>(62,799)</b>
<b>26,046</b>	<b>26,813</b>	<b>11,833</b>	<b>(7,180)</b>	<b>(27,868)</b>	<b>(51,578)</b>	<b>(79,113)</b>	<b>(325,411)</b>

Fund #	Fund Name	Department	Activity	Reason for Adjustment	Amount
100	General Fund	City Clerk	1401	Budget Increase to accommodate increase in per voter cost for November 2012 election from \$3/voter to \$5/voter.	120,000
100	General Fund	Police	1816	Appropriate grants funds: This new grant amount was received in October 2011.	13,942
100	General Fund	Police	1847	Appropriate grants funds:Funds pertaining to this grant will pay for half of the cost for the number of vests requested by the Police Department.	2,105
100	General Fund	Police	1863	Appropriate grants funds: Monies secured as part of this grant provide funding youth diversion and anti-gang programs.	4,677
100	General Fund	Police	1868	Appropriate grants funds: Although funds for this grant have been received in the past as part of this ongoing contract, the signed agreement for this year's grant was not received until last November, and therefore was not included in the Adopted Budget for FY 2012.	370,600
<b>100 Total</b>					<b>511,324</b>
220	Library Grant Fund	Library	3328	Appropriate grants funds: Within the past month, the Library was able to successfully secure a \$3,000 Library Services and Technology Act grant for the Infinite Visions Book-to-Action project.	3,000
<b>220 Total</b>					<b>3,000</b>
410	Capital Projects	General		Appropriate funds from land sale proceeds (East Bay Regional Park District). Allocate toward City Hall rotunda sound system (\$25,000), improvements to City Council Chambers (\$25,000), Community Satisfaction Survey (\$40,000), Disaster Preparedness exercise (\$50,000)	140,000
<b>410 Total</b>					<b>140,000</b>
<b>Grand Total All Funds</b>					<b>654,324</b>