

**DATE:** March 24, 2009

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Implementation of a 104 Hour Furlough; Authorizing the City Manager to Schedule Closure of Non-Essential City Operations during Fiscal Year 2010, as necessary; and Implementing Other Cost Saving Measures Proposed by Employee Bargaining Units

#### **RECOMMENDATION**

It is recommended that the City Council approve the attached Resolutions authorizing the implementation of a 104-hour furlough for the following bargaining units: SEIU 1021, Local 21, and HAME, and the Unrepresented Management employees; authorizing the City Manager to schedule the closure of non-essential City operations during FY 2010; and implementing other cost-saving measures proposed by these bargaining units.

#### **BACKGROUND**

The City of Hayward is facing a projected \$5.9 million or 5.7% shortfall in General Fund Revenues for FY2009. The City is also projecting a \$10 million deficit in FY2010, if no action to reduce spending is taken. Despite the very conservative estimates that have been projected, the severe national economic recession has impacted our revenues significantly. All of the factors impacting our budget are beyond our control. The national credit market failure, the free fall of the housing market, the decline in consumer confidence, the failing auto industry, the increasing corporate bankruptcies, the closure of major retail stores, and the ascending unemployment rates have created the worst economic environment in decades. The City is experiencing shortfalls in sales tax, property transfer tax, development revenues, and vehicle license fees, and expects to experience a significant property tax shortfall in the future.

The City has already implemented many cost saving measures, including the 52-hour holiday furlough, and reductions in overtime and other costs. It is imperative that the City take additional measures to reduce expenditures to compensate for the loss in revenues. Given the fact that 79% of the General Fund budget pays for salaries, reduction of personnel expenditures is necessary to offset declining revenues.

## DISCUSSION

FY2010 Furlough: The City Manager was authorized by the City Council to negotiate additional cost savings for FY2009, and the implementation of a 104-hour furlough with the following bargaining units: SEIU 1021, which includes Maintenance, Clerical, and Confidential; Local 21; and HAME. The Unrepresented Employees, including Executives, will also be participating in the 104-hour furlough. Police and Fire Units have additional cost saving proposals that will be presented to Council in April 2009.

The three bargaining groups and unrepresented employees have voluntarily approved the implementation of the Furlough Program. The City Manager will work with the bargaining units to determine if furlough days taken will be on a set schedule or if they will be taken as 13 floating days of furlough. If a set schedule is agreed upon, the closure of non-critical City facilities will be necessary.

The proposed dates to close City Hall, and both the Main Library, and Weekes Branch Library: include a one-week closure during the Christmas holiday and the last Friday of the month thru May 2010. The proposed closures schedule is as follows:

<u>2009</u>		<u>2010</u>	
July 31	8 hours	January 29	8 hours
August 28	8 hours	February 26	8 hours
September 25	8 hours	March 26	8 hours
October 3	8 hours	April 30	8 hours
November 25	8 hours (Wednesday)	May 28	8 hours
December 21	8 hours (Monday)		
December 22	8 hours (Tuesday)		
December 23	8 hours (Wednesday)		

In the case that City Hall and the Libraries will be closed, only those staff members required to perform critical services will work during the closure. A significant and timely communication campaign will be initiated to advise the public of any closure of facilities.

In order to mitigate the financial impact of the furlough on employees, full-time employees will have four (4) hours reduced from their pay for twenty-six (26) pay periods during the fiscal year beginning in July 2009. The maximums for accumulated vacation hours and comp time will be extended to 2011.

Other Cost Saving Measures for FY2009: *HAME* – Employees will take eight (8) hours additional furlough by June 30, 2009; they will give up their deferred compensation benefit for the 2009 calendar year, which is up to \$1,009 per employee, and the group is contributing \$6,000 in HAME membership dues to the City.

*Local 21* – Employees will take twenty-eight hours additional furlough by June 30, 2009.

*SEIU 1021* – Employees will give up their deferred compensation benefit from February 13, 2009 thru the calendar year, which is approximately \$800 per employee.

*Unrepresented Employees* – Employees will take twenty-four hours furlough by June 30, 2009, if the employee did not participate in the holiday furlough.

**FISCAL AND ECONOMIC IMPACT**

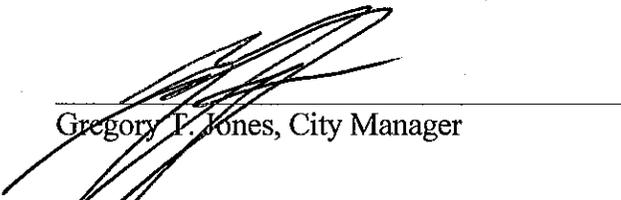
The 104-hour furlough represents an approximate 5% reduction in annual pay. It is anticipated that the Furlough will generate approximately \$1.2 million in General Fund savings. Additional salary savings of approximately \$600,000 will be recognized by Non-General Fund, such as Water and Wastewater, and RDA. Other expenditure savings related to facilities closures include electricity, natural gas, fuel, and janitorial services.

Prepared by:



Debra C. Auken, Acting Director of Human Resources

Approved by:



Gregory P. Jones, City Manager

Attachments: Draft Resolutions

# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

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

*mae  
03/20/09*

**RESOLUTION APPROVING AMENDMENT TO THE  
MEMORANDA OF UNDERSTANDING FOR SEIU LOCAL  
1021 MAINTENANCE AND CLERICAL AND RELATED  
BARGAINING UNITS**

WHEREAS, the members of the City's SEIU Local 1021 Maintenance and Clerical and Related Unit bargaining units are covered by Memoranda of Understanding (MOU), which extend through April 30, 2011; and

WHEREAS, among other cost-saving measures, the City eliminated 50 non-sworn positions and implemented a 52-hour holiday furlough, closing all nonessential City operations between December 22, 2008, and January 2, 2009 (the "2008 Holiday Furlough"), to offset, in part, the City's projected revenue shortfall; and

WHEREAS, the local and national economies have continued to degrade severely, and City revenues have decreased more significantly than originally projected as a result of the economic recession, the housing market crisis, the credit market failure, the closure of major retailers, the declining automobile industry and other factors; and

WHEREAS, as part of the City's effort to balance its budget for FY 2009, staff is recommending that the City Council approve an amendment to SEIU Local 1021's MOUs, authorizing the reimbursement and/or suspension of members' deferred compensation payable from February 13, 2009, through the end of the calendar year, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto; and

WHEREAS, as part of the City's effort to balance its budget for FY 2010, staff is recommending that the City Council approve an amendment to SEIU Local 1021's MOUs, implementing a mandatory 104-hour furlough for FY 2010, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto.

NOW, THEREFORE, BE IT RESOLVED, as part of the City's effort to balance its budget for FY 2009, that the City Council of the City of Hayward hereby approves an amendment to the SEIU Local 1021 MOUs, authorizing the reimbursement and/or suspension of deferred compensation payable to Local 1021 members from February 13, 2009, through the end of the calendar year, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto.



# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

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

*mae*  
*3/19/09*

## RESOLUTION APPROVING AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING FOR LOCAL 21 BARGAINING UNIT

WHEREAS, the members of the City's Local 21 bargaining unit are covered by a Memorandum of Understanding (MOU), which extends through September 30, 2011; and

WHEREAS, among other cost-saving measures, the City eliminated 50 non-sworn positions and implemented a 52-hour holiday furlough, closing all nonessential City operations between December 22, 2008, and January 2, 2009 (the "2008 Holiday Furlough"), to offset, in part, the City's projected revenue shortfall; and

WHEREAS, the local and national economies have continued to degrade severely, and City revenues have decreased more significantly than originally projected as a result of the economic recession, the housing market crisis, the credit market failure, the closure of major retailers, the declining automobile industry and other factors; and

WHEREAS, as part of the City's effort to balance its budget for FY 2009, staff is recommending that the City Council approve an amendment to the Local 21 MOU, implementing a mandatory twenty-eight-hour furlough through the remainder of FY 2009, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto; and

WHEREAS, as part of the City's effort to balance its budget for FY 2010, staff is recommending that the City Council approve an amendment to the Local 21 MOU, implementing a mandatory 104-hour furlough for FY 2010, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto.

NOW, THEREFORE, BE IT RESOLVED, as part of the City's effort to balance its budget for FY 2009, that the City Council of the City of Hayward hereby approves an amendment to the Local 21 MOU, implementing a mandatory twenty-eight-hour furlough through the remainder of FY 2009, subject to such terms and conditions as may be mutually agreed upon by the parties thereto.

BE IT FURTHER RESOLVED, as part of the City's effort to balance its budget for FY 2010, that the City Council hereby approves an amendment to the Local 21 MOU, implementing a mandatory 104-hour furlough for FY 2010, subject to such terms and conditions as may be mutually agreed upon by the parties thereto, including the closure of



# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

*mae*

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

*3/19/09*

RESOLUTION APPROVING AMENDMENT TO THE  
MEMORANDUM OF UNDERSTANDING FOR THE  
HAYWARD ASSOCIATION OF MANAGEMENT  
EMPLOYEES BARGAINING UNIT

WHEREAS, the members of the City's Hayward Association of Management Employees (HAME) bargaining unit are covered by a Memorandum of Understanding (MOU), which extends through June 30, 2011; and

WHEREAS, among other cost-saving measures, the City eliminated 50 non-sworn positions and implemented a 52-hour holiday furlough, closing all nonessential City operations between December 22, 2008, and January 2, 2009 (the "2008 Holiday Furlough"), to offset, in part, the City's projected revenue shortfall; and

WHEREAS, the local and national economies have continued to degrade severely, and City revenues have decreased more significantly than originally projected as a result of the economic recession, the housing market crisis, the credit market failure, the closure of major retailers, the declining automobile industry and other factors; and

WHEREAS, as part of the City's effort to balance its budget for FY 2009, staff is recommending that the City Council approve an amendment to the HAME MOU, implementing a mandatory eight-hour furlough for the remainder of FY 2009, the reimbursement and/or suspension of deferred compensation payable to HAME members for the 2009 calendar year and the contribution of \$6,000 to the City from HAME membership dues, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto; and

WHEREAS, as part of the City's effort to balance its budget for FY 2010, staff is recommending that the City Council approve an amendment to the HAME MOU, implementing a mandatory 104-hour furlough for FY 2010, subject to such additional terms and conditions as may be mutually agreed upon by the parties thereto.

NOW, THEREFORE, BE IT RESOLVED, as part of the City's effort to balance its budget for FY 2009, that the City Council of the City of Hayward hereby approves an amendment to the HAME MOU, implementing a mandatory eight-hour furlough for the remainder of FY 2009, the reimbursement and/or suspension of deferred compensation



# DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. \_\_\_\_\_

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

*mal*

*3/19/09*

RESOLUTION AUTHORIZING THE IMPLEMENTATION OF  
A MANDATORY 24-HOUR FURLOUGH FOR THE  
REMAINDER OF FY 2009 AND A MANDATORY 104-HOUR  
FURLOUGH FOR FY 2010 FOR THE UNREPRESENTED  
MANAGEMENT EMPLOYEES

WHEREAS, the City of Hayward's unrepresented management employees consist primarily of the City's Department Heads and Deputy Department Heads, as well as Assistant and Deputy City Attorneys in the City Attorney's Office and Human Resources staff, all of whom are covered by the Salary and Benefits Resolution for the Unrepresented Management Employees (the "Resolution"); and

WHEREAS, the Resolution currently extends to June 30, 2011; and

WHEREAS, in May 2008, the three percent (3%) cost-of-living salary adjustment due the Unrepresented Management Employees on July 1, 2008, and the four percent (4%) cost-of-living salary adjustment due them on July 1, 2009, were revoked to assist in the effort to balance the City's budget for FY 2008 and FY 2009; and

WHEREAS, among other cost-saving measures, the City eliminated 50 non-sworn positions and implemented a 52-hour holiday furlough, closing all nonessential City operations between December 22, 2008, and January 2, 2009 (the "2008 Holiday Furlough"), to offset, in part, the City's projected revenue shortfall; and

WHEREAS, the local and national economies have continued to degrade severely, and City revenues have decreased more significantly than originally projected as a result of the economic recession, the housing market crisis, the credit market failure, the closure of major retailers, the declining automobile industry and other factors; and

WHEREAS, as part of the City's effort to balance its budget for FY 2009 and FY 2010, staff is recommending that the City Council implement a mandatory 24-hour furlough for the Unrepresented Management Employees for the remainder of FY 2009, which furlough shall be waived to the extent that the individual unrepresented management employee participated in the 2008 Holiday Furlough, and that the City Council also implement a mandatory 104-hour furlough for FY 2010.

