

DATE: April 21, 2009

TO: Mayor and City Council

FROM: City Manager

SUBJECT: Amending the Memoranda of Understanding (MOU's) for Hayward Firefighters Local 1909, Hayward Fire Chiefs Association, Hayward Police Officers Association, and Police Management in Order to Implement Cost Saving Measures

RECOMMENDATION

That the City Council approve the attached Resolutions authorizing amendments to MOU's for Hayward Firefighters Local 1909, Hayward Fire Chiefs Association, Hayward Police Officers Association, and Police Management in order to implement approximately \$3.55 million in total General Fund savings.

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-\$12 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. Many 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.

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.

The City already implemented many cost saving measures, including the 52-hour holiday furlough for non-safety employees, and reductions in overtime and other costs. In May 2008, all safety employees in the Fire and Police Departments agreed to reduce any scheduled salary adjustments authorized in the MOU employee agreements by 4% in 2008 and 3% in 2009. The savings

estimated due to these agreements was a total of \$5.6 million over a 3-year period beginning in 2008. However, as noted above, general fund revenues continued to decline and additional actions to cut costs are required.

DISCUSSION

Each of the City's public safety employee bargaining groups have reached agreement to adjust employee MOU agreements. These adjustments are summarized below, with the estimated cost savings to be achieved through FY 2010:

Hayward Firefighters Local 1909 – From April 1, 2009 to June 30, 2010, 4% reduction in pay for employees assigned to 24-hour shifts; and employees assigned to 40-hour work weeks will receive holiday pay for a maximum of 4 of the 14 holidays provided in the MOU. All Local 1909 employees agreed to defer any negotiated salary adjustments due January 1, 2010 to July 1, 2010. The total savings estimated as a result of these amendments is approximately \$1.24 million.

Hayward Fire Chiefs Association – The Fire Chiefs agreed to a similar reduction in pay and salary adjustments. In addition, the Deputy Chiefs are taking a 6.05% pay cut thru July 2010. The total savings is estimated at \$108,000.

Hayward Police Officers Association (HPOA) and Police Management Unit – For FY 2010, HPOA and Police Management employees have agreed to give up holiday pay for 11 of the 14 holidays authorized. They will also defer any cost of living increases due July 1, 2009, per the MOU to July 1, 2010. The maximum savings estimated as a result of these amendments is approximately \$2.2 million.

FISCAL AND ECONOMIC IMPACT

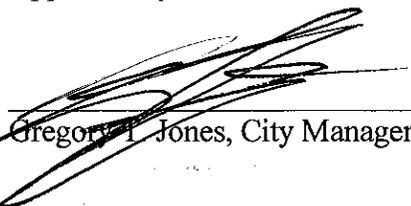
These salary reductions represent an approximate 5% reduction in annual pay. It is anticipated that in total they will result in approximately \$3.55 million in General Fund savings thru FY 2010.

Prepared by:



Debra C. Auker, Acting Director of Human Resources

Approved by:



Gregory T. Jones, City Manager

Attachments: Draft Resolutions

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

me
4/15/09

RESOLUTION APPROVING THE AMENDMENT OF THE
MEMORANDUM OF UNDERSTANDING FOR THE
HAYWARD FIRE FIGHTERS IAFF LOCAL 1909

WHEREAS, the City of Hayward Fire Fighters are members of the Firefighter IAFF Local 1909 and are therefore covered by the current Memorandum of Understanding for such group; and

WHEREAS, Local 1909 members include the classifications of Firefighters, Apparatus Operators, Captains and Inspectors; and

WHEREAS, such Memorandum of Understanding (MOU) currently extends to December 31, 2014; and

WHEREAS, in May 2008, Local 1909 members agreed to reduce any pay increases authorized in the MOU by four percent in 2008 and three percent in 2009; and

WHEREAS, in recognition of the City's commitment to reaching its goal of balancing the budget, the members of IAFF Local 1909 have agreed to reduce their pay by an additional four percent for those members assigned to 24-hour shifts and to limit paid holidays to a maximum of four holidays for those members assigned to 40-hour weeks, effective April 1, 2009; and

WHEREAS, Local 1909 has also agreed to defer any salary adjustments authorized in the MOU or other agreements from January 1, 2010, to July 1, 2010, and that the return to the full formula calculation will be phased back in over a three-year period, to allow a gradual return to the formula as agreed in May 2008.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby approves the amendment of Local 1909's Memorandum of Understanding to reflect the changes to the terms and conditions set forth above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2009

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

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

mal
4/15/09

RESOLUTION APPROVING THE AMENDMENT OF THE
MEMORANDUM OF UNDERSTANDING FOR THE
HAYWARD FIRE CHIEFS' ASSOCIATION (HFCA)

WHEREAS, the City of Hayward Fire Chiefs' Association's current Memorandum of Understanding (MOU) extends to December 31, 2014; and

WHEREAS, said group includes the classifications of Battalion Chief, Deputy Chief and Fire Marshal; and

WHEREAS, in May 2008, HFCA members agreed to reduce any pay increases authorized in the MOU by four percent in 2008 and three percent in 2009; and

WHEREAS, in recognition of the City's commitment to reaching its goal of balancing the budget, the HFCA has agreed to an additional four percent reduction in pay for those members assigned to 24-hour shifts and a 6.05 percent reduction in pay for the classification of Deputy Chief, effective April 1, 2009 to June 30, 2010; and

WHEREAS, HFCA members have also agreed to defer any salary adjustments authorized in the MOU or other agreements from January 1, 2010, to July 1, 2010.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby approves the amendment of the HFCA MOU to reflect the changes to the terms and conditions set forth above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2009

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

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

msl
4/15/09

RESOLUTION APPROVING AMENDMENT TO THE
MEMORANDUM OF UNDERSTANDING FOR THE
HAYWARD POLICE OFFICERS' ASSOCIATION (HPOA)

WHEREAS, the members of the Hayward Police Officers' Association (HPOA) are covered by the current Memorandum of Understanding (MOU) for such group, which extends to June 30, 2015; and

WHEREAS, said group includes the classifications of Police Officer, Inspector, Sergeant and Lieutenant; and

WHEREAS, in May 2008, HPOA members agreed to reduce any pay increases authorized in the MOU by four percent in 2008 and three percent in 2009; and

WHEREAS, in recognition of the City's commitment to reaching its goal of balancing the budget, the HPOA has agreed to modify Section 9.02 of its MOU, Payment for Holidays Worked, to eliminate holiday pay for 11 of the 14 authorized holidays for FY 2009-10; and

WHEREAS, the HPOA has also agreed to defer any salary adjustments authorized in the MOU or other agreements from July 1, 2009, to July 1, 2010, and that the return to the full formula calculation will be phased back in over a three-year period, to allow a gradual return to the formula as agreed in May 2008.

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby approves the amendment of the HPOA MOU to reflect the changes to terms and conditions set forth above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2009

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

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HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

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4/15/09

RESOLUTION APPROVING AN AMENDMENT TO THE MEMORANDUM OF UNDERSTANDING FOR THE HAYWARD POLICE MANAGEMENT

WHEREAS, the City of Hayward Police Captains are members of the Police Management bargaining unit and are therefore covered by the current Memorandum of Understanding (MOU), which extends to June 30, 2015; and

WHEREAS, in May 2008, Police Management members agreed to reduce any pay increases authorized in the MOU by four percent in 2008 and three percent in 2009; and

WHEREAS, in recognition of the City's commitment to reaching its goal of balancing the budget, Hayward Police Management has agreed to modify Section 7.04 of its MOU, Payment for Holidays Worked, to eliminate holiday pay for 11 of the 14 authorized holidays for FY 2009-2010; and

WHEREAS, because Police Management salaries are benchmarked to HPOA salaries, any salary adjustments authorized for Police Management in July 2009 will be deferred to July 2010, in accordance with the amended HPOA MOU; and

NOW THEREFORE, BE IT RESOLVED that the City Council of the City of Hayward hereby approves the amendment of the Hayward Police Management Memorandum of Understanding to reflect the changes to the terms and conditions set forth above.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2009

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