



DATE: January 15, 2008

TO: Mayor and City Council

FROM: Human Resources Director

SUBJECT: Adoption of Resolutions to Approve Contracts with Hayward Police Management Employees, Hayward Police Officers Association, Hayward Unrepresented Employees

RECOMMENDATION

That Council adopt the attached resolutions which approve a new five-year Agreement with the Hayward Police Management Employees, a four-year Resolution with Hayward Unrepresented Employees effective July 1, 2007, and extend the existing Hayward Police Officer Association Contract for four years effective July 1, 2008, pertaining to wages, hours, benefits, and other terms and conditions of employment.

BACKGROUND

On June 30, 2007, the City's contract with the Hayward Police Management Association (HPMA) and resolution with the Hayward Unrepresented Employees (Unrep) expired. In addition, in Spring of 2007, the Hayward Police Officers Association (HPOA) requested an extension of their contract which expires June 30, 2008. City staff has been meeting with HPMA and HPOA over a few months period to negotiate new contracts. In addition, staff has conducted a salary survey for unrepresented employees.

The City Council has given direction to City negotiators to be consistent with each of our bargaining units in the methods utilized to determine salary increases and in the provision of health care and other benefits. Council has also directed City staff to achieve savings where ever possible. As a result of this direction, staff has negotiated contracts with the HPMA, HPOA, and Unrepresented units that meet these Council directives.

DISCUSSION

HPOA:

City negotiators have reached an agreement on a four-year extension of the existing contract with the Hayward Police Officers Association (HPOA). The HPOA consists of all safety employees in

the Police Department from Police Officer up to the rank of Police Lieutenant. There are three areas of the current POA contract that staff identified as areas where changes can achieve savings for the City. They are: 1) The City pays the full cost of health insurance regardless of the plan chosen by the employee; 2) Annual salary adjustments are based on a survey conducted each June. The survey specifies which benefits are included and specifically excludes health; and 3) The City reimburses retirees up to the cost of the Kaiser Family Plan for retiree medical expenses. The POA has agreed to the following changes to these three areas that will result in savings to the City.

Effective January 1, 2009, the City will pay 100% of active employee health care premiums up to the second highest health care family plan offered, which is currently Blue Shield. Employees selecting a more costly plan will pay any additional costs. This will result in a savings of approximately \$76,000 per year beginning in 2009. In addition, the POA has agreed to include health costs in the salary survey to be conducted in June, 2011 for an effective date of July 1, 2011. It is difficult to quantify this change, however including the City's contribution to health in the total compensation package when comparing costs more accurately reflects the actual compensation paid to employees.

Lastly, the POA has agreed to cap the medical after retirement reimbursement rates at the Kaiser single family health plan rate in effect January 1, 2009. The result of the freezing of the POA rate, based on past increases, is that the City will avoid future increases that are anticipated to be in the 4-7% rate annually.

HPMA:

City negotiators have reached an agreement on a new five-year Agreement with the Hayward Police Management Employees Association (HPMA). The HPMA represents the three Police Captains. The principal economic component of the HPMA Agreement provides for the Police Captain's salary to be 10% above the Police Lieutenants. This will result in the Police Captains receiving the same economic adjustment that the POA received as part of their Contract effective July 1, 2007, which was 13.21%. Future increases for HPMA are based on the salary survey utilized for the POA.

The current HPMA contract includes that the City pays the full cost of health insurance for any plan selected. The current medical after retirement benefit is set at a flat dollar amount of \$274.72 which is much lower than the current POA rate of \$431.17. This creates a disincentive for employees to promote from the Lieutenant position to a Captain and is a disparity both the City and HPMA desire to correct. To this end, the HPMA has agreed to the City paying 100% of active employee health care premiums at the Kaiser family plan rate in exchange for matching the HPMA medical after retirement benefit to the HPOA Contract as described above. Active employees selecting a more costly health plan will pay any additional costs. This annual savings of approximately \$2,000 in health care premiums will be offset by the similar increase in medical after retirement costs. However, future increases over the life of the Contract will be dependent on the salary survey formula in the POA Contract.

Unrepresented Employees:

City staff is proposing a new four-year Resolution with the Hayward Unrepresented Employees (Unrep). Unrep includes the Department Directors, City Attorney's office staff, Human Resources staff, and the Public Works Deputy Directors. With the exception of the Human Resources Staff, Public Works Deputy Directors and Assistant to the City Manager, these employees are at will. They are not part of an association, and salaries and benefits are set in a resolution by the City Council. The Council has directed staff to propose a resolution that mirrors the direction of the other bargaining groups.

As with the other employee groups, the City pays for 100% of any health plan the employees select. Staff is recommending that the benefits mirror the POA adjustments discussed above and the SEIU agreement approved in October, 2007, and effective January 1, 2009, pay 100% of active employee health care premiums up to the second highest health care family plan offered, which is currently Blue Shield. Employees selecting a more costly plan will pay any additional costs. This will result in a savings of approximately \$59,000 per year beginning in 2009. principal

In addition, the principal economic components of the Unrep Agreement include Cost of Living adjustments (COLA's) of 3% in 2007, 3% in 2008, 4% in 2009, and 4% in 2010; with additional equity increases over three years for all classifications within the units. For the Unrepresented employees the City has, for the first time, agreed to provide employees with full equity increases in addition to the cost of living increases (COLA's) as the City did with the SEIU Contract adopted in October, 2007. In the past, equities have been given to only certain positions and have been offset by COLA's. This has resulted in positions never quite reaching the average of our survey cities. Positions not surveyed fell further behind. The equity adjustments are based on a survey of the City's ten standard survey cities. The same cities are used for every bargaining group in conducting surveys. The survey's represent total compensation and include health insurance among the benefits surveyed. The equity and COLA provisions are identical to those approved in the SEIU contract.

FISCAL IMPACT

The Fiscal Impact of Salary Adjustments over four years for Unrepresented Employees is approximately \$190,000 per year.

The cost of the first year (2007/2008) salary increase for HPMA will be \$91,218 for a total salary cost of \$830,162. Future increases will be based on the POA salary survey and are difficult to estimate at this time. It is anticipated that increases for both POA and HPMA will be approximately 3-5% for the next few years based on increases given to other survey agencies.

These costs will be offset in part by Health, Retiree Medical Savings. Healthcare savings are estimated at approximately \$76,000 per year for the POA, \$2,000 for the HPMA, and \$59,000 for the Unrepresented Employees for a total savings of approximately \$137,000 per year.

Due to the length of the documents, the Agreements are not attached, but are available for review in the City Clerk's office.

NEXT STEPS

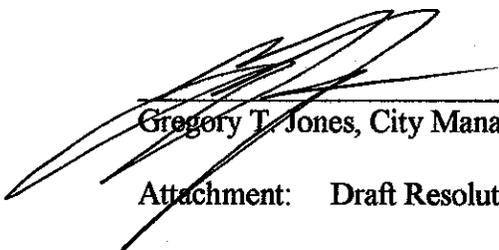
The Employee Associations have already approved these agreements, and they will become effective upon approval by City Council.

Recommended by:



Holly Brock-Cohn, Human Resources Director

Approved by:



Gregory T. Jones, City Manager

Attachment: Draft Resolutions (3)

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

1/2/08

Introduced by Council Member _____

RESOLUTION ADOPTING A REVISED POLICY
PERTAINING TO THE SALARIES AND BENEFITS
RESOLUTION FOR THE UNREPRESENTED
MANAGEMENT GROUP

BE IT RESOLVED by the City Council of the City of Hayward that the Council does hereby amend Resolution 02-174 and Resolution 04-092 by adopting a revised policy pertaining to salaries and certain benefits for the Unrepresented Management Group, a copy of which is on file in the office of the City Clerk.

IN COUNCIL, HAYWARD, CALIFORNIA _____, 2008

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