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Hayward City Council approves additional City employee pay reductions amid COVID-19 revenue declines

HAYWARD, Calif., May 28, 2020—The Hayward City Council approved on Tuesday changes in compensation agreements with City executives, managers and other employees who aren't represented by collective bargaining units to save money amid COVID-19-related revenue declines.

The compensation changes are the second set of COVID-19 reductions to have been brought before and approved by the Council in the past week and will save the City \$273,000 in the 2021 Fiscal Year starting July 1.

The reductions approved Tuesday include 80 hours of furlough for police captains, and combinations of furloughs and deferrals or give-backs of scheduled July 1 pay increases for department heads and other unrepresented executives, managers, and employees.

Last week, the Council approved agreements with Hayward firefighters, Fire Department management and City Manager Kelly McAdoo to forego July 1 paying increases, saving the City \$487,215 in Fiscal Year 2021. The Council also voted to cut its own salaries and expense budgets, saving an additional \$11,800 over the same period.

City employee compensation reductions and concessions are being sought in response to the impact the public health emergency and shelter-in-place orders are having on key City revenue sources, most notably sales tax. This will require a significant use of the City's General Fund operating reserve to maintain City operation through the end of this current fiscal year.

The General Fund pays for basic municipal services, such as police, fire-fighting, 911 response, libraries, maintenance of public spaces, and administration of general governmental operations and programs.

The General Fund reserve is similar to a savings account that provides a cash-flow cushion for meeting unanticipated needs, getting through cyclical fluctuations in expenses and revenues, and to draw on in times of emergency.

In response to revenue declines and expectations that the declines will continue in Fiscal Year 2021, City Manager McAdoo sent two formal proposals to all City employee bargaining units asking that all workers accept 80 hours of furloughs or agree to forego scheduled July 1 pay increases.

Of the bargaining units, only the Hayward Firefighters Local 1909 have agreed to concessions, which were approved by the City Council on May 19.

Proposals are still pending with the Hayward Police Officers Association, Service Employees International Union Local 1021, International Federation of Professional and Technical Engineers Local 21 and the Hayward Association of Management Employees.

Without further action to slow spending and a bounce back in sales tax and other key revenue sources, the City is at risk of exhausting the entire General Fund reserve during the 2021 Fiscal Year, which would make it difficult to maintain services while meeting all of the City's financial obligations over the next 12 months.

For more information and to follow the progress, go online [here](#) to the City of Hayward COVID-19 Cost-Saving Proposals web page.