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## **City Council okays 3<sup>rd</sup> set of city employee pay reductions amid COVID-19 revenue declines**

**HAYWARD, Calif.**, June 10, 2020—The Hayward City Council approved on Tuesday a third set of pay reductions and changes in compensation agreements with City workers to save money amid declines in City revenue stemming from the COVID-19 public health emergency.

The latest compensation changes, agreed to with workers represented by the Service Employees International Union (SEIU) Local 1021 and Hayward Association of Management Employees (HAME), are projected to save the City's General Fund up to \$691,448 in wage and benefit costs in the 2021 Fiscal Year, which starts July 1. Across all city operating funds, the changes could save nearly \$1.2 million in FY 2021.

The reductions approved on Tuesday include up to 55 hours of unpaid furloughs for workers represented by SEIU and 80 hours of furlough for HAME-represented management level employees.

Compensation reductions and concessions are being sought in response to steep declines in key City revenues, most notably sales tax dollars, which is resulting in a significant use of the City's General Fund operating reserve.

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 getting through cyclical fluctuations in expenses and revenues, meeting unanticipated needs and to draw on in times of emergency.

Because COVID-19 revenue declines are expected to continue in Fiscal Year 2021, City Manager McAdoo sent two formal proposals to each City employee bargaining unit asking that all workers accept 80 hours of furloughs or forego scheduled July 1 pay increases.

On May 19, the Council approved the first COVID-19 cost saving agreements—with Hayward firefighters, Fire Department managers and City Manager Kelly McAdoo saving a combined \$487,215 in FY 2021. The Mayor and Councilmembers also voted to cut their own FY 2021 pay and expense budgets to save an additional \$11,800.

On May 26, the Council approved a second set of changes in compensation agreements and pay reductions with City department heads and other executives, Police Department captains and certain other employees not represented by organized bargaining units worth \$273,000 in savings for FY 2021.