



**DATE:** June 25, 2024

**TO:** Mayor and City Council

**FROM:** Director of Human Resources

**SUBJECT:** Adopt a Resolution to Execute a Side Letter of Agreement (Attachment III) Amending the Memoranda of Understanding (“MOU”), Article 13.01 Fire Education Incentive Program between the City of Hayward (“City”) and the Hayward International Association of Firefighters (“IAFF”), Local 1909 and Hayward Fire Officers Association (“HFOA”), to Clarify the Eligibility Requirements for all Eligible Members with Respect to the Fire Education Incentive Program

## **RECOMMENDATION**

That the Council adopts the resolution (Attachment II) for the side letter of agreement amending the Local 1909 and HFOA MOUs, Article 13.01 Fire Education Incentive Program provision between the City and Unions, to clarify the eligibility requirements for all eligible members with respect to the Fire Education Incentive program.

## **BACKGROUND AND SUMMARY**

In February 2024, California Public Employees’ Retirement System (“CalPERS”) noticed an employee through a “compensation compliance review” that there appeared to be a misapplication of the educational incentive pay within the current MOU, to a retirement benefit. CalPERS has determined that the existing MOU Language conflicts with California Code of Regulations (“CCR”) Section 571(a); and therefore, does not allow for the education incentive currently received by employees to be counted as pensionable compensation. It was, and remains, the intent of the parties that the education incentive be counted as special compensation and available to all members of the bargaining unit who obtain the requisite education.

As a result, the City and the Unions have met and conferred on the matter and entered into this Side Letter of Agreement to clarify MOU language with respect to the Fire Education Incentive program and ensure compliance with CCR and CalPERS guidelines.

## **DISCUSSION**

The City and the Unions have met and discussed in good faith and agree to amend Article 13.01 Fire Education Incentive Program for the duration of the term for the period of January 1, 2010, through December 31, 2023, and extends through the duration of the current MOU

period of January 1, 2024, through December 31, 2029.

Effective July 1, 2021, Article 13.01 Miscellaneous Allowances shall be amended to remove the requirement of five (5) years of service and extend the benefit to all classifications covered by the MOUs and who have met the education and training criteria set forth; thereby complying with the CCR and CalPERS guidelines. Moreover, the City and Unions mutually agree to this Side Letter of Agreement and that it will be incorporated by reference to the current MOUs and run with succeeding MOUs, unless incorporated into the body of future agreements.

This agreement shall be effective immediately upon City Council approval and shall remain in Effect until the expiration of the current MOUs contract dates (January 1, 2024, through December 31, 2029), between the parties.

### **FISCAL IMPACT**

The estimated increase to the fiscal impact of the amendment will result in estimated additional General Fund expenditures of approximately \$605,000 over the life of the agreement.

### **STRATEGIC INITIATIVES**

This agenda item is a routine operational item and does not relate to one of the Council's Strategic Initiatives.

### **NEXT STEPS**

Human Resources staff will work with CalPERS to change the existing cost-sharing amounts in the CalPERS system.

*Prepared by:* Marisa Guerrero, Human Resources Manager

*Recommended by:* Brittney Frye, Director of Human Resources

Approved by:



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Dustin Claussen, Interim City Manager