

**2016 SIDE LETTER OF AGREEMENT TO AMEND SECTION 1B OF THE 2013
ADDENDUM TO AND EXTENSION OF THE MEMORANDUM OF UNDERSTANDING
BETWEEN THE CITY OF HAYWARD AND INTERNATIONAL ASSOCIATION OF
FIREFIGHTERS, AFL-CIO, LOCAL 1909**

This Side Letter of Agreement is made between the City of Hayward (City) and IAFF Local 1909 to amend section 1B of the 2013 Addendum to and Extension of the Memorandum of Understanding effective January 1, 2008, and extended through December 31, 2018 between parties regarding PEPRA "New" employee's CalPERS contributions. This Side Letter of Agreement clarifies the additional CalPERS contribution for PEPRA "New" members (employees hired on or after January 1, 2013) in excess of the published CalPERS employee rate. This additional contribution under Section 20516 equals fifteen percent (15%) total CalPERS employee contribution the parties had agreed upon.

The City and IAFF Local 1909 agree that the terms of this Side Letter of Agreement shall become effective the pay period including July 1, 2016. The parties also agree that the terms of this Side Letter of Agreement are limited to those specific items contained herein and only the items contained herein.

Optional Benefits, Cost Sharing (CalPERS Contributions)

Section 7.13 (Treatment of Employee' PERS Contributions) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

(B) Employees Hired On or After January 1, 2013

This Section B shall apply to CalPERS eligible employees hired on or after January 1, 2013, who do not qualify for pension reciprocity pursuant to Government Code Section 7522.02(c).

Referred to as CalPERS "New Members." The retirement plan for these employees shall be the retirement plan which the City is required to provide for new members pursuant to California Public Employees' Pension Reform Act of 2013.

- i. As required by Government Code Section 7522.25, the safety Option Plan Two (2% @ 50 – 2.7% @ 57) pension formula shall apply.
- ii. As required by Government Code Section 7522.32, for the purposes of determining a retirement benefit for these employees, final compensation shall mean the highest average annual pensionable compensation earned during 36 consecutive months of service.

- iii. As required by Government Code Section 7522.30, employees shall have an initial contribution rate of 50% of the total normal cost rate as defined in Section 7522.04 (g).
- iv. Other contracted benefits include:
 1. Section 20965 – Unused Sick Leave Credit;
 2. Section 21547.7 – Alternative Death Benefit for Local Fire Members Credited with 20 or More Years of Service;
 3. Section 21573 – 1959 Survivor Benefits Level 3;
 4. Section 21329 – 2% Annual Cost-of-Living Allowance Increase;
 5. Section 20516 – Member Sharing Cost of Optional Benefit;
 6. Section 20903 – Additional Service Credit 2 Years;
 7. Section 21551 – Pre Retirement Death Benefit to Continue after Remarriage;
 8. Section 21027 – Military Service Credit for Retired Persons;
 9. Section 21024 – Military Service Credit for as Public Service;
 10. Section 21635 – Post-Retirement Survivor Allowance to Continue after Remarriage;
 11. Section 21624/21626 – Post-Retirement Survivor Allowance;
 12. Section 21620 – Retired Death Benefit; and
 13. Section 20055 – Prior Service.

New members shall pay a total of 15% of reportable wages to fund their pension. The fifteen percent (15%) of reportable wages is comprised of the CalPERS published employee rate, plus the additional contribution to the City's employer rate that the City would otherwise be required to pay to CalPERS for these employees. Under Section 20516, the additional contributions are as follows:

Effective the pay period including July 1, 2013	3.75%
Effective the pay period including July 1, 2016	5.25%

Under Section 20516, after July 1, 2016, employees shall continue to pay an additional contribution of 5.25%. If CalPERS enacts a change to the employee rate as reflected in the Annual Valuation Report, the parties will amend this side letter to ensure it accurately reflects new members pay a total of 15% of reportable wages to fund their pension. This contribution represents the employee's 50% of normal cost as determined by CalPERS. The balance, if any, of this contribution shall constitute employee payment of a portion of the employer's 50% of


normal cost as determined by CalPERS. In no event shall the employee contribution be less than 50% of the total normal cost rate, as required by Government Code Section 7522.30.

Executed on this ____ day of _____, 2016 at Hayward, California

For the City of Hayward:

For International Association of Firefighters,
AFL-CIO, Local 1909

Kelly McAdoo, City Manager



Andrew Ghali, President