



DATE: April 21, 2026

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT: Adopt a Resolution Approving a Side Letter of Agreement between the City of Hayward and Both Units Represented by the International Association of Firefighters, Local 1909: the Hayward Firefighters Association and the Hayward Fire Officers Association, Deferring Cost of Living Adjustment Increases and Extending Previous Cost Saving Agreements; and Authorizing the City Manager to Execute the Agreement

RECOMMENDATION

That the City Council adopts a resolution (Attachment II) approving a Side Letter of Agreement (Attachment III) between the City of Hayward and both the Hayward Firefighters Association and the Hayward Fire Officers Association, represented by the International Federation of Firefighters, Local 1909 (Local 1909) for continuing Cost-of-Living Adjustment (COLA) increase deferrals and extending previously agreed-upon cost saving measures through fiscal year 2026-27; to create additional savings through the upcoming fiscal year.

SUMMARY

The City of Hayward is facing a budget deficit and is taking measures to reduce costs. The City and Local 1909 met and conferred in good faith and reached tentative agreement in which Local 1909 represented employees will continue cost saving measures through fiscal year 2026-27, through June 30, 2027. In addition to the previous projected savings of \$3.1 million in fiscal year 2025-26 and the already agreed upon savings of \$2.9 million in fiscal year 2026-27, the extension of this agreement is projected to provide an additional savings of \$3.3 million in fiscal year 2026-27 for a total of \$6.2 million in General Fund cost savings for fiscal year 2026-27. The Union has agreed to enter discussions with the possibility of continuing the savings into future years after meeting and reviewing the City's financial situation. In addition, the parties agreed to maintain the California Public Employees' Retirement System (CalPERS) employee-paid employer cost share as detailed below.

FISCAL IMPACT

This proposed agreement results in an estimated additional salary and overtime savings to the General Fund of \$3.3 million for FY2026-27 (\$2 million in overtime reductions and \$1.3

million in COLA modifications), in addition to the \$2.9 million agreed upon in December 2025 for a total savings in FY2026-27 of \$6.2 million.

BACKGROUND

In response to the City's current financial state, the City implemented a number of cost saving measures, including but not limited to: a transfer of Measure C funds; a use of OPEB Trust fund balance; use of CDBG funds; update of master fee schedule; cost reductions and revenue offsets in the Navigation Center; maintaining the FY 2025-26 worker's compensation transfer amount into FY 2026-27 resulting in use of fund balance in the Worker's Compensation Fund; public safety overtime reductions; and other police department savings. Even after all these measures are assumed, the City still projects a funding gap that needs to be closed by either labor concessions or departmental cost reductions or a combination of both.

In addition, all bargaining groups in the City were asked for a concession equivalent to forgoing upcoming scheduled COLA increases. Cost savings contributed by bargaining groups are critical to the City's fiscal health as employee salaries and benefits costs make up approximately 90% of the General Fund budget.

In accordance with the Memorandum of Understanding (MOU) between the City and Local 1909 for both Firefighters and Fire Officers, there are scheduled COLA increases due for all Local 1909 represented employees the pay periods containing January 1 of each year based on the salary formula provided in the MOU.

In an effort to mitigate costs, in December 2025, the parties entered into a side letter of agreement to delay the three and eighty-two hundredths (3.82%) increase due to their members the pay period including January 1, 2026. Instead, the parties agreed the Unions will take a partial increase at the start of Fiscal Year 2026-2027 of one and one-half percent (1.5%) and delay the remaining (2.32%) to the end of the calendar year. The Parties also agreed to temporarily modify minimum staffing coverage by a total temporary reduction of five (5) through browning-out service companies; and to temporarily increase the employer-paid portion to CalPERS by an additional two percent (2%) effective approximately July 1, 2026. Additionally, effective January 1, 2028, the number of employees that may simultaneously use vacation will increase by one (1); and sick leave accrual rates will increase aligned with employees' years of service.

DISCUSSION

In partnership with the City to help address the current and ongoing financial situation, Local 1909 and the City entered into an updated agreement which was subsequently ratified by Local 1909's membership on April 11, 2026. The agreement builds upon the previously adopted side letter and continues a series of temporary and ongoing measures designed to support financial stability, while maintaining critical fire and emergency response services.

The updated agreement continues temporary modifications to minimum staffing associated with brownout provisions through June 30, 2027. It also extends the deferral of the January 1,

2026 salary adjustment through the end of fiscal year 2026-27; where initially the parties agreed the Unions will take a partial increase at the start of Fiscal Year 2026-2027 of one and one-half percent (1.5%) and delay the remaining (2.32%) to the end of the calendar year 2026. The updated agreement reflects the full COLA increase of three and eighty-two hundredths percent (3.82%) is now moved to the pay period including July 1, 2027, creating a full fiscal year's savings in salary for the City.

In addition, the agreement maintains the current employee cost-sharing structure for retirement benefits at fifteen percent (15%) and continues previously established adjustments related to scheduling and leave administration.

Unless otherwise specified the temporary provisions included in the agreement will sunset on June 30, 2027. Certain ongoing provisions, including retirement cost-sharing and select leave-related updates, will remain in effect.

The City acknowledges and appreciates the collaborative engagement of Local 1909 in agreeing to continue these concessions despite being in a closed contract period. This partnership reflects a shared commitment to addressing the organization's fiscal challenges and maintaining service continuity for the community.

STRATEGIC INITIATIVES

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

NEXT STEPS

Staff will finalize the documents and obtain necessary review by the City Attorney and respective approval by the City Manager to execute them. The Human Resources Department will work with the Finance Department to implement these changes.

Prepared and Recommended by: Ian Tecson, Director of Human Resources

Approved by:



Jennifer Ott, City Manager