



DATE: May 5, 2026

TO: Mayor and City Council

FROM: Director of Human Resources

SUBJECT California Public Employees Retirement System Contract: Adoption of a Resolution of Intention to Introduce an Ordinance Approving an Amendment to the Contract Between the City of Hayward and the California Public Employees Retirement System or Classic Members in the International Association of Fire Fighters Local 1909; Hayward Fire Officers Association; Hayward Fire Chiefs Association; Hayward Police Officers Association; Hayward Police Management Unit and the Unrepresented Safety Executive Group

RECOMMENDATION

That the City Council adopts the Resolution of Intention to approve an amendment to the City of Hayward's contract with the California Public Employees Retirement System (CalPERS) and introduction of an Ordinance to approve the contract amendment and authorize staff to execute the contract.

BACKGROUND AND SUMMARY

As a result of recent review of the Cost Share provisions in the City's CalPERS contract it was discovered that Classic Safety members in the International Association of Fire Fighters Local 1909; Hayward Fire Officers Association; Hayward Fire Chiefs Association; Hayward Police Officers Association; Hayward Police Management Unit and the Unrepresented Safety Executive Group did not officially adopt Government Code section 20516 (Employees Sharing Cost) and have been Cost Sharing under a variable provision which required a reduction in the amounts for the City's Safety groups on the 20th anniversary of the effective dates, reducing the Cost Share below what the employee groups have previously agreed to in their contracts.

Government Code section 20516 allows contracting agencies and their employees to agree in writing to share the costs of the employer contribution for retirement benefits. Per Code section 20516, the collective bargaining agreement ratified by the employee bargaining unit and governing body of the contracting agency must specify the exact percentage of member compensation that shall be paid toward the current service cost of benefits by members or methodology for calculating the cost sharing rate. The City must now amend its CalPERS contract to formally end the variable Cost Share and add Section 20516 Cost Share to implement this previously agreed upon change.

Adopting the Resolution of Intention initiates the contract amendment process. California Government Code 20471 outlines the process for approving amendments to the city's contract with CalPERS. Under this process, approval of a contract must be by ordinance adopted by an affirmative vote of a majority of the members of the governing body, not less than 20 days after the adoption of the resolution of intention.

FISCAL IMPACT

Employee cost share provides the City the opportunity to save money and help offset pension costs. Adoption of this ordinance for compliance with CalPERS aligns the original intention of the respective contract language and institutes uniformity and consistency for these bargaining groups including payroll administration. As related bargaining units are brought into alignment with the Cost Share percentages previously agreed to, this will reduce costs to the General Fund.

DISCUSSION

The City contracts with CalPERS for retirement benefits. The existing CalPERS contract for Safety members includes a variable Cost-Share provision which allowed for the 6% Cost Share for Classic members (hired prior to January 1, 2013) previously agreed to by each Safety group. The variable Cost Share provision has a requirement that Cost Sharing be reduced on the 20th anniversary of the effective dates - in 2020 (Fire) and 2021 (Police) - Cost Share for Classic employees in these categories was reduced by CalPERS to 5.986% for Fire and 5.505% for Police. The cost sharing provisions have been added or amended in all bargaining group contracts and the Unrepresented Safety Executive Cost Share Resolution to add the specific language required by California Government Code and the City will now need to amend the CalPERS contract to reflect and formally reinstate the 6% Cost Share previously agreed to for each group.

NEXT STEPS

Human Resources staff will work with CalPERS to complete the contract amendment process. California Government Code Section 20474 requires a secret ballot election by the employees affected whenever a contract is amended to change their contribution; this will commence on May 6, 2026. The final reading of the Ordinance will be presented during a Public Hearing on June 2, 2026. If approved, the Ordinance will take effect on July 2, 2026. The contract amendment will be effective July 13, 2026.

Prepared by: July Cole, Human Resources Manager

Recommended by: Ian Tecson, Director of Human Resources

Approved by:

A handwritten signature in blue ink, appearing to read "Jennifer Ott". The signature is fluid and cursive, with the first name "Jennifer" and the last name "Ott" clearly distinguishable.

Jennifer Ott, City Manager