CALPERS COST-SHARING
SIDE LETTER OF AGREEMENT
BETWEEN
CITY OF HAYWARD
AND
INTERNATIONAL ASSOCIATION OF FIREFIGHTERS – LOCAL 1909

This side letter of agreement is entered into by and between the City of Hayward ("City") and the International Association of Firefighters, Local 1909 ("IAFF, Local 1909"), to confirm the parties' prior agreement to amend the Memoranda of Understanding ("MOUs") with the IAFF, Local 1909, Firefighter and Fire Officers Units with respect to pension cost sharing and to comply with the California Public Employees' Retirement System's ("CalPERS") requirements to implement these changes. The below changes were agreed to by the Parties and were previously approved by the City Council on April 21, 2026. In addition to amending the MOUs, the City must also amend its contract with CalPERS for these changes to be effective. To do that, CalPERS requires that each impacted bargaining unit conduct a secret ballot vote on these specific changes. A sample ballot is attached to this Agreement as Exhibit A.

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1. Consistent with the Parties' prior side letter, which was approved by the City Council on April 21, 2026, and subject to the results of a secret ballot vote of each impacted bargaining unit as required by CalPERS, the City shall amend its contract with CalPERS to reflect the below cost-sharing structure:

6.01 Retirement Plan

The City shall continue that contract with the Public Employees' Retirement System (PERS), and all amendments thereto, which provide retirement benefits to members of the representation unit presently in effect. Effective January 1, 2001, the City amended its contract with the PERS to provide Bargaining Unit employees with the 3% @ 50 retirement formula for PERS Classic members. Effective January 1, 2013, the contract was amended to provide a 2% @ 50 or 2.7% @ 57 retirement formula for PERS PEPRA members.

Optional Benefits, Cost Sharing (PERS Contributions)

(A) Employees Hired Before January 1, 2013

The provisions described in this Section A apply only to CalPERS eligible employees hired before January 1, 2013, or to eligible employees hired after that date who qualify for pension reciprocity pursuant to Government Code Section 7522.02 (c). Referred to as CalPERS "Classic Members."

The City shall continue to provide CalPERS Classic Members with retirement benefits in accordance with the existing contract with PERS, and all amendments to that contract, including:

1. Section 21362.2 – 3% @ 50 Retirement Formula;
2. Section 20042 – Final Compensation one (1) year;
3. Section 20965 – Unused Sick Leave Credit;

4. Section 21547.7 – Alternative Death Benefit for Local Fire Members Credited with twenty (20) or More Years of Service;
5. Section 21573 – 1959 Survivor Benefits Level three (3);
6. Section 21329 – 2% Annual Cost-of-Living Allowance Increase;
7. Section 20516 – Member Sharing Cost of Optional Benefit;
8. Section 20903 – Additional Service Credit two (2) Years;
9. Section 21551 – Pre Retirement Death Benefit to Continue after Remarriage;
10. Section 21027 – Military Service Credit for Retired Persons;
11. Section 21024 – Military Service Credit for as Public Service;
12. Section 21635 – Post-Retirement Survivor Allowance to Continue after Remarriage;
13. Section 21624/21626 – Post-Retirement Survivor Allowance;
14. Section 21620 – Retired Death Benefit; and
15. Section 20055 – Prior Service.

Upon implementation of this agreement, **"Classic"** employees shall continue to pay a total of fifteen percent (15%) of reportable wages to fund employee pensions until such time that a successor agreement is negotiated. ~~This contribution represents the employee's fifty percent (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 fifty percent (50%) of normal cost as determined by CalPERS.~~ **The fifteen percent (15%) of reportable wages is comprised of the nine percent (9%) CalPERS published employee rate, plus an additional six percent (6%) contribution to the City's employer rate that the City would otherwise be required to pay to CalPERS for these employees. The additional Cost Sharing contributions will be deposited into the member's account along with the statutory 9% contribution.**

The term "normal cost" is defined in section 7522.04(g) of the Government Code as "the portion of the present value of projected benefits under the defined benefit that is attributable to the current year of service, as determined by the public retirement system's actuary according to the most recently completed valuation."

(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 thirty-six (36) consecutive months of service.

iii. As required by Government Code Section 7522.30, employees shall have an initial contribution rate of fifty percent (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 twenty (20) or More Years of Service;
3. Section 21573 – 1959 Survivor Benefits Level three (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 two (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 continue to pay a total of fifteen percent (15%) of reportable wages to fund their pension until such time that a successor agreement is negotiated. 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. **The additional Cost Sharing contributions will be deposited into the member's account along with the statutory 50% of normal cost contribution.** **If during the term of this agreement 50% of the total normal cost rate reaches 15% percent or higher, the parties agree there will be no additional cost share and the members will only pay one-half of the total normal cost rate.** ~~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%~~

~~Effective the pay period including July 1, 2020 4.50%~~

~~Following the 2018 Valuation Report, under Section 20516, effective July 1, 2020 employees' contributing will be adjusted to four and one-half percent (4.50%). If CalPERS enacts a change to the employee rate as reflected in the Annual Valuation Report, the parties will amend this section to ensure it accurately reflects new members pay a total of fifteen percent (15%) of reportable wages to fund their pension. This contribution represents the employee's fifty percent (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 fifty percent (50%) of normal cost as determined by CalPERS.~~

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

2. Upon completion of the secret ballot votes, IAFF, Local 1909 will provide confirmation of the results to the City in writing.

3. If the impacted bargaining units vote in favor of amending the City's CalPERS contract to reflect these changes, the City shall report these results to CalPERS within three (3) working days of receiving the results from IAFF, Local 1909 and will take all other necessary steps to implement said changes.

4. The Parties will continue to work collaboratively to finalize implementation of these agreed-upon changes.

For Local 1909:	**For City of Hayward:**
______________________________	______________________________
Andrew Ghali, Local 1909 President	Jennifer Ott, City Manager
______________________________	______________________________
Jeff Dimick, Local 1909 Representative	Burke Dunphy, Chief Negotiator
	______________________________
	Ian Tecson, Director of Human Resources
Dated______________________	Dated____________________