



# Hayward Firefighters • Local 1909

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## **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 is an addendum to and extension of to the Memorandum of Understanding, currently in effect for the period from January 1, 2008 through December 31, 2016 between the City of Hayward and IAFF Local 1909 for the bargaining unit of non-management employees represented by Local 1909. This addendum/extension shall become effective upon ratification by the membership of Local 1909 and approval by the Hayward City Council. If there is any conflict in language between the addendum/extension and the MOU or any addendum or side letter in effect, the provisions in this addendum/extension shall supersede.

In recognition that the City continues to have a projected imbalance in its overall General Fund budget and must therefore reduce expenditures and increase revenue to the extent necessary to bring the budget into balance, and Local 1909's continued commitment to ongoing structural change, including recognition of the importance of employees sharing in the costs of benefits to assist the City in addressing the escalating costs of the pension benefit, the parties hereby agree as follows:

### **1. 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 1 year;
3. Section 20965 – Unused Sick Leave Credit;



4. Section 21547.7 – Alternative Death Benefit for Local Fire Members Credited with 20 or More Years of Service;
5. Section 21573 – 1959 Survivor Benefits Level 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 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, employees shall pay 15% of reportable wages to fund employee pensions. 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.

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 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 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.

## **2. Uniform Allowance**

Effective December 16, 2013 (First pay date 1/3/14), Section 13.03 (Uniform Allowance) and the side letter dated February 6, 2009 is deleted in its entirety, and replaced by the following:

An annual uniform allowance of \$430.00 shall be paid in equal increments on a per pay period basis (\$16.54/pp).

To transition uniform allowances from an annual to a per pay period payment schedule, employees will receive a pro-rated payment to account for earned, but unpaid uniform allowance, on January 3, 2014. Employees pro-rated uniform allowance will be equal to their bi-weekly uniform allowance rate, times the number of pay periods since they last received their

annual uniform allowance. Those employees with less than one year of service shall receive a pro-rated uniform allowance from their date of hire.

All required uniform items will be replaced or repaired by the City when in the judgment of the Fire Chief, or a designated representative, they are unserviceable due to damage incurred in the line of duty. Items replaced by the City shall be like items which meet the then current Department specifications.

### **3. Alternative Benefits**

Section 6.05 (Alternative Benefits) is deleted in its entirety and replaced by the following:

An alternative benefit in the form of a cash payment is available to those full-time employees in regular or probationary status who: (1) elect to opt-out of receiving City contributions under section 6.01 and 6.02; (2) are not enrolled in a City-sponsored health insurance plan as the dependent of another City employee; and (3) provide proof of medical insurance coverage from a plan other than a City-sponsored plan.

Any cash payment provided under this section shall be reported to the Internal Revenue Service (IRS) and the California Franchise Tax Board as compensation subject to income tax withholding. Each employee shall be solely and personally responsible for any tax liability that may arise out of receipt of the alternative benefits provided under this section.

The amount of alternative benefit provided to an employee is based on the level of insurance coverage that employee could have received if he or she had enrolled in a City-sponsored health insurance plan. Effective July 1, 2013, the amount of the alternative benefit provided under this section shall no longer increase with the growing cost of health care, and as such, shall be frozen at the 2013 Bay Area Basic Kaiser health plan premium rates (i.e. \$668.63 for employee only, \$1,337.26 for employee and one (1) dependent, \$1,738.44 for employee and two (2) or more dependents).

Each employee shall be responsible for providing immediate written notification to the Human Resources Director or designee of any change to the number of dependents which affects the amount of the City's payment to the Alternative Benefit Account. An employee who, by reason of failing to report a change in dependents, receives a City payment greater than the amount to which entitled shall be liable for refunding the excess amounts received via a reduction in the amount paid to his/her Alternative Benefit Account. Changes to benefit payments required because of a change in an employee's number of dependents shall take effect at the start of the first pay period in the month next following the month in which advice from the employee is received by the Human Resources Director. No retroactive increases to the City's payment shall be allowed.

Enrollment in alternative benefits has to be elected each year during open enrollment.

**4. Vacation Leave Allowance**

Section 9.02 (Vacation Leave Allowance) is deleted in its entirety and replaced by the following:

All full-time employees, other than temporary and provisional, shall accrue vacation leave benefits each payroll period based upon their years of service and the shift they are assigned, as follows:

<b><u>40 Hour Employee</u></b>		<b><u>56 Hour Employee</u></b>	
<b>Years of Service</b>	<b>Per Pay Period Accrual</b>	<b>Years of Service</b>	<b>Per Pay Period Accrual</b>
Up to 5 yrs.	3.85 hours	Up to 5 yrs.	6.50 hours
From 5 to 14 yrs.	6.04 hours	From 5 to 14 yrs.	9.24 hours
From 15 yrs.	7.70 hours	From 15 yrs.	11.54 hours

An employee will accrue at the next highest benefit level on his or her corresponding anniversary date. Vacation leave can be accrued but shall not be granted during the first six (6) months of service.

Effective July 1, 2013, the maximum vacation accrual cap shall be twice the annual allowance plus five (5) "regular" shifts (i.e. 40 hours for "40 hour employee" and 120 hours for a "56 hour employee"). The vacation accrual cap shall be maintained on a continuous per pay period basis. For any pay period in which an employee's vacation leave balance exceeds the maximum accrual allowance, no additional vacation leave will be earned until the employee's leave balance falls below his or her maximum accrual.

As an exception to the caps listed above, employees may one time in his/her tenure request in writing to the Human Resources Director, or designee, to have the caps established above suspended for twenty-six (26) pay periods. For that time period, the employee may maintain a maximum of three times his/her annual accrual as provided for in the table above, never to exceed 900 hours. If they do not separate employment within this time frame, their caps will be reinstated at the beginning of the twenty-seventh (27<sup>th</sup>) pay period and they will not be allowed to request another cap suspension during the course of his/her employment with the City. Additionally, no further accruals will occur until such time that the employees' vacation leave bank falls below the established vacation caps identified in Table 1 and 2.

The parties acknowledge that certain employees will have a balance of unused vacation leave in excess of their established cap as of July 1, 2013. Those employees shall be granted an

additional two (2) years to exhaust their excess leave balance. On the pay period that includes July 1, 2015, any cap extensions will expire.

**5. Service Awards & Reception**

MOU Section 16.13 currently provides that employees shall be given a service award at their tenth anniversary of service and every fifth year of service thereafter, and at retirement. MOU Section 16.13 shall be amended as follows:

In lieu of providing individual service awards to employees and holding an annual reception to present such awards, the City hereby agrees to make an annual charitable contribution in the amount of one thousand dollars (\$1,000) to the Local 1909 Charity Fund in recognition of employee service anniversaries and retirements.

The charitable contribution shall be made each fiscal year on or before June 30.

**6. Addendum to the Memorandum of Understanding dated May 18, 2008 is null and void.**

**7. Salaries**

Section 7.12 (Salaries) and all addendums and side letters modifying said section shall be null and void and replaced with the following:

The parties hereby acknowledge and assent that in light of Local 1909's agreement to waive, and permanently relinquish, salary adjustments that were owed pursuant to the MOU and previous amendments to the MOU for fiscal years 2009, 2010, 2011, 2012 and 2013 (as a result, the members of Local 1909's bargaining unit received no salary increases for 5 years) the City and Local 1909 have met and conferred in good faith and have agreed to the following:

In the pay period that includes July 1 of each year, while the Memorandum of Understanding remains in effect, the City shall provide a salary adjustment for the members of the bargaining unit in the amount that results from application of the salary formula below, except for the caps and exceptions that are referenced within this section:

FY 2014 – The base wage shall be increased the pay period that includes July 1, 2013, based on the established salary survey formula. The wage increase for FY 2014 based upon this formula shall not exceed 2%.

FY 2015 – The base wage shall be increased the pay period that includes July 1, 2014, based on the established salary survey formula. The wage increase for FY 2015 based upon this formula shall not exceed 2%.

FY 2016 – The base wage shall be increased the pay period that includes July 1, 2015, based on the established salary survey formula. The wage increase for FY 2016 based upon this formula shall not exceed 3%.

FY 2017 – The base wage shall be increased the pay period that includes July 1, 2016, based on the established salary survey formula. The wage increase for FY 2017 based upon this formula shall not exceed at 3%.

FY 2018 – No wage adjustment shall occur during FY 2018.

FY 2019 – The base wage shall be increased the pay period that includes July 1, 2018, based on the established salary survey. The wage increase for FY 2018 based upon this formula shall not exceed 5%.

Base salary for all classifications covered by this MOU shall be increased by the difference between the total compensation of a Hayward Firefighter and the average of the total compensation for firefighter of the top four (4) agencies based on a survey of salary and benefits. Hayward may be included in the top four (4) agencies should its total compensation for firefighter so indicate. The percentage increase shall be determined by  $(\text{Total Compensation average of top four agencies} - \text{Total Compensation of Hayward Firefighter}) / \text{Base pay of Hayward Firefighter}$ , rounded to the nearest .01%.

“Total Compensation” shall mean the sum of the following: top step base monthly salary; employer-paid member PERS contributions; education incentive pay applicable to all firefighters; uniform allowance; maximum annual vacation credit; and holiday pay. For the purpose of this survey, the value of vacation shall be determined as follows: maximum vacation hours divided by 12 multiplied by maximum base hourly rate. For the City of Berkeley only, the longevity pay scale shall be used for the purpose of calculating Total Compensation.

For each year in which a salary adjustment is to be made on the basis of the Survey Formula, the survey shall be completed by June 15 and shall include all salaries and benefits effective on July 1 of the year of the adjustment, and approved by the agency’s board or council. If on September 1 of the year of the adjustment, any of the above agencies reaches a settlement retroactive to July 1, thereby changing the average of the top four agencies, a one-time adjustment will be made to salaries to reflect that change.

For the term of this agreement, salary adjustments will be based on the following cities: Alameda, Berkeley, Daly City, Fremont, Hayward, Palo Alto, Richmond, San Leandro (Alameda County Fire Department), San Mateo, Santa Clara, and Vallejo.

**8. Other Post-Employment Benefits (OPEB)**

The City and Local 1909 recognize the need to fund retiree medical. As such, beginning with the pay period that includes July 1, 2018, employees represented by Local 1909 shall contribute 1% of base salary (excluding all special pays, allowances and overtime), to an irrevocable trust to fund the unfunded retiree medical obligations. The contribution made by employees to the trust fund shall be exclusively allocated for the expense of retiree healthcare of its members. Effective January 1, 2009, the amount of the supplemental monthly contribution provided under section 6.07 of the Memorandum of Understanding for retiree medical shall be in an amount not to exceed the Bay Area/Sacramento Region Basic premium for the 2009 Cal PERS Kaiser health plan, Premium Rate 1-Party that is effective January 1, 2009, rather than the amount of \$249.18 per month, and City payment for the option of enrollment in the PERS Care health plan shall be eliminated for active employees who have yet to retire.

**9. Firefighter Trainee Salaries**

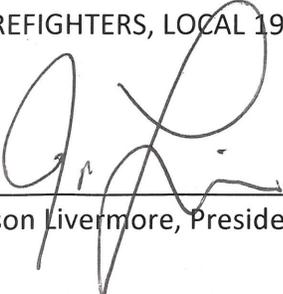
The City and Local 1909 further agree that inasmuch as the successful recruitment of qualified applicants to become permanent firefighters in the Hayward Fire Department is a matter of mutual concern, and inasmuch as the successful recruitment of qualified applicants depends in part on the salaries provided by the City to the applicants selected for appointment to the employment classification of Firefighter Trainee, commencing May 13, 2008, the salary of employees in the employment classification of Firefighter Trainee shall be maintained at 10% below the salary of a first step 40-hour firefighter.

**10. Term of Agreement**

The term of this MOU, which was originally to expire on December 31, 2010, but was extended to December 31, 2016 in a previous amendment to the MOU, shall be extended by this addendum for the period from January 1, 2008 through December 31, 2018 (FY 2019).

Made and entered into on July 1, 2013.

INTERNATIONAL ASSOCIATIONS OF  
FIREFIGHTERS, LOCAL 1909, AFL-CIO

  
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Jason Livermore, President

CITY OF HAYWARD

  
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Fran David, City Manager