

**2014 ADDENDUM TO AND EXTENSION OF THE MEMORANDUM OF
UNDERSTANDING BETWEEN THE CITY OF HAYWARD AND THE HAYWARD
POLICE OFFICERS' ASSOCIATION**

This addendum is made between the City of Hayward (City) and the Hayward Police Officers' Association (HPOA) to amend certain provisions of the current Memorandum of Understanding effective July 1, 2004 and extended through June 30, 2019 (hereinafter referred to as "2004-2019 MOU") between parties regarding bargaining unit salaries, holidays and holiday pay, employee's PERS contributions, education incentives, salary survey components, OPEB contributions, medical benefits, flexible benefit allowance, alternate benefits, economic downturn, protection of benefits, uniforms, uniform allowance, vacation accrual and duration.

The City and the HPOA agree that the terms of this addendum shall become effective July 1, 2014. The parties also agree that the terms of this addendum are limited to those specific items contained herein and only the items contained herein.

1. Bargaining Unit Salaries Effective July 1, 2014

Section 8.00 (Salaries) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

The parties hereby acknowledge the City's revenue shortfall and increased expenditures for the 2015-2019 fiscal years. The parties also acknowledge and assent that in light of the HPOA's agreement to waive, and permanently relinquish, salary adjustments that were owed pursuant to the MOU and previous side letters to the MOU for fiscal years 2009, 2010, 2012, 2013, and 2014, (as a result, the members of the HPOA received only one salary increase over a six year span) the parties have met and conferred in good faith and have agreed upon the following:

Bargaining unit salaries effective the pay period including July 1, 2014 through the last day of the pay period preceding the pay period that includes July 1, 2015 shall not be increased and shall remain at the levels currently held for the 2014 fiscal year.

The bargaining units base wage effective the pay period including July 1, 2015 through the last day of the pay period preceding the pay period that includes July 1, 2016 shall be increased by 3%.

The bargaining units base wage effective the pay period including July 1, 2016 through the last day of the pay period preceding the pay period that includes July 1, 2017 shall be increased by 3%.

Bargaining unit salaries effective the pay period including July 1, 2017 through the last day of the pay period preceding the pay period that includes July 1, 2018 shall not be increased and shall remain at the levels established for the 2017 fiscal year.

The bargaining unit's base wage shall be increased the pay period including July 1, 2018 through the last day of the pay period preceding the pay period that includes July 1, 2019 based on the newly established salary survey formula below, but shall not exceed five percent (5%).

Salary Survey

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

Surveyed agencies shall be: Santa Clara, Vallejo, Palo Alto, Richmond, Fremont, Berkeley, Daly City, San Mateo, Alameda, and San Leandro.

The salary survey shall be completed by May 31 of each year and include all salaries and benefits effective on July 1, of each year respectively, and approved by the agencies board or council. If on October 1, of each year, any of the above agencies reaches a settlement retroactive on or prior to July 1, of that respective year, thereby changing the average of the top four agencies, a one-time adjustment will be made no later than November 1 of that respective year to salaries to reflect that change. Even withstanding the exceptions outlined above, the salary survey itself shall be completed annually regardless of the years where salary adjustments are not linked to it. Unless otherwise negotiated, salary increases resulting from salary survey shall not exceed five percent (5%).

For purposes of this agreement and any mutually agreed upon successor Memorandum of Understanding, "total compensation" shall mean the top step officer base monthly salary; employer-paid member CalPERS contributions; total employee-paid voluntary cost sharing of employer CalPERS contributions; holiday pay; uniform allowance; education incentive pay applicable to all police officers; longevity incentive pay applicable to all police officers; shift differential pay applicable to all police officers; employee-paid contributions towards the city's OPEB liability; employer contributions towards the employee's dental, life, LTD/STD and vision care insurance premiums; and the amount the employer pays for premiums for family level health coverage. The amount to be included in the survey for family level health coverage for the City of Hayward police officers shall be the amount of the family premium for the health plan in which the plurality of the HPOA members are enrolled. The amount to be included in the survey for employee's dental, life, LTD/STD and vision care insurance premiums shall be the

maximum amount payable for each benefit by the respective Cities. The amount to be included in the survey for educational/POST incentive pay and longevity incentive pay shall be the maximum amount allowable for each incentive under each separate salary survey city's MOU. The amount to be included in the survey for shift differential pay shall be one third (1/3) of the maximum allowable under each separate salary survey city's MOU.

2. Employee's PERS Contribution

Section 8.01 (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:

(A) Employees Hired Before January 1, 2013

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

As long as the annual Employer Contribution Rate required by PERS for the fiscal years beginning July 1, 2014 is at least 30.00%, and as authorized by Government Code Section 20516 (Optional Benefits, Cost Sharing), "Classic" bargaining unit members shall be responsible for payment of the nine percent (9%) employee retirement contribution plus an additional six percent (6%) of their salaries (for a total of 15%) to the California Public Employees' Retirement System (CalPERS) as payment of the City's employer contributions that the City would otherwise be required to pay to CalPERS for these employees; said contribution shall be credited to each member's account as a normal contribution.

(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 new members pursuant to California Public Employees' Pension Reform Act of 2013.

As long as the annual Employer Contribution Rate required by PERS for the fiscal years beginning July 1, 2014 is at least 30.00%, and as authorized by Government Code Section 20516 (Optional Benefits, Cost Sharing), "New" bargaining unit members shall pay fifteen percent (15%) of reportable wages to fund their pensions. This contribution currently represents more than the employee's 50% of normal cost as determined by CalPERS. The amount paid in excess of 50% of the normal cost shall constitute

employee payment of a portion of the employer's 50% of normal cost as determined by CalPERS. Said contributions over the 50% threshold shall be credited to each member's account as a normal contribution.

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. In the event that 50% of the normal cost exceeds fifteen percent (15%), the employee contribution shall be increased to ensure that the employee contribution is 50% of the total normal cost rate in compliance with Government Code section 7522.30. The City agrees to meet and discuss, at the request of the POA, mutually acceptable adjustments to the terms negotiated herein in order to provide equitable treatment of classic and new PEPRAs employees.

(C) All Members

The City will continue to not treat these contributions as compensation subject to income tax withholding unless the Internal Revenue Service or Franchise Tax Board indicates that such contributions are taxable income subject to withholding. Each employee shall be solely and personally responsible for any federal, state, or local tax liability of the employee that may arise out of the implementation of this section or any penalty that may be imposed therefore.

(D) CalPERS Related Costs

The parties acknowledge that at the time this addendum was negotiated the City was facing increasing CalPERS costs such that the parties entered into this agreement in an attempt to relieve the impact on the City finances. Further, the parties recognize that the amount to be paid by HPOA members is higher than most public employees and higher than all of the comparable jurisdictions.

3. Holidays and Holiday Pay

Section 9.02 (Payment for Holidays Worked) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

Employees shall receive 6.73% additional compensation per pay period, calculated on their base pay only, in lieu of being allowed to take paid time off or accrue paid time off for a City holiday.

Except as provided in this provision, an employee who works on a designated city holiday as part of the employee's regular schedule will not receive any additional compensation based solely on the day's designation as a city recognized holiday. Employees working overtime on a designated city holiday shall be paid at their normal overtime rate and will not receive any additional compensation based solely on the day's designation as a city recognized holiday.

Employees who wish to take any day off will be required to use accrued vacation and/or compensatory time.

4. Uniforms (Effective July 1, 2014 through and including June 30, 2019)

For the period beginning July 1, 2014 through and including June 30, 2019, Section 15.02 of the 2004-2017 MOU shall be amended by the addition of the following language and terms:

Bargaining unit members assigned to a uniformed assignment will be allowed to wear their Class C (5.11 TDU) uniform for daily use regardless of weather. This provision would supersede section 1046.3.3 of the current Hayward Police Department Policy Manual governing the “Class C Uniform”. Section 1046.3.4 of the Hayward Police Departments Policy Manual governing “Court and Hearing Attire” would not be affected by the terms of this side letter and would remain in effect. The City agrees to replace/repair Class C uniforms damaged in the line of duty, but there would be no initial purchase of Class C uniforms for those who do not currently own them.

5. Vacation Accrual

Effective with the pay period that includes July 1, 2014, the full-time vacation accrual schedule, as outlined in Section 10.02 shall be replaced with the following:

Years of Service	Per 80 Hour Period	Hourly Equivalent	Annual
0 to end of 4 yrs.	3.08 hours	.0385 hours	80 hours
5 to end of 9 yrs.	4.62 hours	.0578 hours	120 hours
10 to end of 14 yrs.	6.16 hours	.0770 hours	160 hours
15 yrs. & more	7.70 hours	.0963 hours	200 hours

There will be no retro-active adjustments to employee’s vacation leave balances as a result of modifications to the vacation accrual schedule. Employees will accrue at the next highest benefit level on his or her corresponding anniversary date.

Section 5 of the FY 2013 and FY 2014 Cost Saving Side Letter of Agreement dated May 10, 2012 (dealing with Vacation Accrual effective June 24, 2013) remain unchanged in an effort to limit the city’s unfunded liabilities through dates, deadlines and extensions on Vacation caps and does not contradict prior agreements between the HPOA and the City.

6. Uniform Allowance

Section 15.03 (Uniform Allowance) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

Effective with the pay period that includes July 1, 2014, an annual uniform allowance of \$900.00 shall be paid to each employee in the following manner:

1. Each employee's annual uniform allowance will be paid to them in equal installments (\$34.62/pp) over the 26 bi-weekly pay periods.
2. In cases where items of uniform are severely or irreparably damaged in the line of duty, provision is made for direct replacement of said items.

To transition uniform allowance 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 August 1, 2014. Employees' pro-rated uniform allowance will be equal to \$16.92 (the bi-weekly equivalent of the previous annual uniform allowance of \$440), times the number of pay periods since they last received their annual uniform allowance until the pay period preceding the pay period that includes July 1, 2014. Those employees with less than one year of service shall receive a pro-rated uniform allowance from their date of hire through the pay period preceding the pay period that includes July 1, 2014.

7. Medical Benefits

Section 6.01 (Medical Insurance) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

The City currently contracts with the Public Employee's Retirement System (CalPERS) for the purpose of providing access to medical insurance benefits to active employees and their eligible dependents, eligible retired employees and eligible survivors of retired employees. Eligibility of an employee or a dependent to participate in this program shall be in accordance with the Public Employees' Medical and Hospital Care Act (PEMHCA). Eligibility of retired employees and survivors of retired employees to participate in this program shall be in accordance with those provisions of the PEMHCA providing for participation by "annuitants."

The City's employer contribution towards medical insurance benefits for each eligible employee shall be the minimum contribution amount required by Government Code Section 22892. Contributions provided under this section are required only to the extent mandated by the PEMHCA.

For calendar year 2014, the City currently provides an employer contribution of \$119.00 per month to CalPERS for each eligible active employee towards the purchase of medical insurance benefits. In the event CalPERS requires a minimum employer contribution in excess of \$119.00 per month, the City shall pay such additional amounts as approved by the City Council. Because CalPERS may change carriers and plans, the City shall not be required to provide a specific insurance coverage and shall only be required to provide those benefits as described in this Section so long as the City contracts for benefits with PERS for medical insurance benefits. The City will provide each eligible annuitant, as defined by the PEMHCA, with an employer contribution towards medical insurance benefits that is equal to any contribution provided to an active employee under this Section 6.01.

8. Flexible Benefit Allowance

Section 6.04 (Flexible Benefits Allowance) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

The City shall provide a contribution to the City's Flexible Benefits Plan (125 Plan) for each full-time employee in regular or probationary status who is enrolled in one of the CalPERS medical insurance plans offered by the City. Employees can use this contribution to offset the cost of benefits purchased through the 125 Plan. The value of any flexible benefit allowance provided by the City shall be determined as follows:

Each year, the City will review the premium charged for employee + 2 or more coverage (family coverage) under the Blue Shield HMO and Kaiser health insurance plans to determine the plan to be used for determining the amount of the City's contribution to the 125 Plan. Contributions will be the greater of A or B as defined below:

- A. If the premium for family level coverage under the Blue Shield HMO plan is greater than the premium for family level coverage under the Kaiser plan, the City's maximum employer contribution for participation in any plan, at any participation level (employee only, employee +1, or employee +2 or more) shall be equal to the premium for family coverage under the Blue Shield HMO plan, which includes the City's contribution pursuant to Section 6.01 above. The City's total contributions to an employee under the provisions of Section 6.01 and this Section 6.04 shall be the family level premium cost for Blue Shield HMO coverage, or the premium cost for the plan selected, whichever is less.
- B. If the premium for family level coverage under the Kaiser plan is greater than the premium for family level coverage under the Blue Shield HMO plan, the City's maximum employer contribution for any participation level of coverage (employee only, employee +1, or employee +2 or more) shall be equal to the premium for coverage under

the Kaiser plan, which includes the City's contribution pursuant to Section 6.01 above. The City's total contributions to an employee under the provisions of Section 6.01 and this Section 6.04 shall be the family level premium cost for Kaiser coverage, or the premium cost for the plan selected, whichever is less.

Contributions to an employee's Flexible Benefits Account shall be used only for the payment of those benefits that are available through the City's Flexible Benefit Plan. The City will not treat any contributions made to the Flexible Benefits Plan as compensation subject to income tax withholding unless the Internal Revenue Service (IRS) and/or the Franchise Tax Board indicates that such contributions are taxable income subject to withholding. Each employee shall be solely and personally responsible for any federal, state or local tax liability of the employee that may arise out of the implementation of this section or any penalty that may be imposed therefore.

Each employee shall file an election in writing during the month of open enrollment for medical insurance each year designating how contributions to his or her Flexible Benefits Account are to be spent during the ensuing twelve month period. Thereafter, no changes to designations so made shall be allowed until the open enrollment period of the following year except for changes due to an eligible qualifying event.

Each employee shall be responsible for providing immediate written notification to the Human Resources Director of any change to the number of his or her dependents which would affect the amount of the City's payment to the Flexible Benefits Account and/or direct payments made by the City for the payment of medical insurance premiums. 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 or her Flexible Benefits Account in subsequent months. Changes to flexible benefit payments associated with changes in an employee's number of dependents shall take effect at the start of the first pay period in the month after notice of the change is received by the Human Resources Department. No retroactive increases to the Flexible Benefit Allowance provided by the City shall be allowed.

9. Alternate Benefits

Section 6.05 (Alternative Benefits) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

Employees who do not participate in City sponsored health insurance program shall be allowed an alternative benefit in the form of a cash payment in lieu of benefits listed in Section 6.01 and Section 6.04 of this Memorandum of Understanding.

A. Eligibility

Eligibility for receipt of alternative benefits is restricted to those employees in regular or probationary status who: (1) elect to opt-out of receiving City contributions under Section 6.01 and 6.04; (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.

B. Amount of Benefit

The amount of alternative benefit amount provided to an employee is based on the level of insurance coverage that the employee could have received if he or she had enrolled in a City-sponsored health insurance plan, as follows:

Employee only	\$210.00 per month
Employee and one dependent	\$380.00 per month
Employee and two + dependents	\$500.00 per month

For the purpose of this section, the term "dependent" shall mean a dependent eligible for coverage under a CalPERS medical insurance plan if such coverage had otherwise been elected by the employee.

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.

A full-time employee who does not receive a City contribution under Section 6.01 and 6.04 and who is enrolled in a City-sponsored health insurance plan as the dependent of another City employee may be eligible to receive an alternative benefit as provided in this subsection. If the cost to the City of providing an employee with benefits as the dependent of another is less than the cost of enrolling the employee separately in a City-sponsored health insurance plan, then the individual enrolled as a dependent may receive an alternative benefit. The amount of any alternative benefit shall be equal to the amount of savings to the City for enrollment of the employee as a dependent, up to a alternative benefit of \$210 per month.

The following examples illustrate how alternative benefits will be provided to employees who are enrolled as a dependent in a City sponsored health insurance plan. For purpose of these examples, assume the following amounts as the City's total costs towards providing benefits under Section 6.01 and 6.04:

Employee only - total cost of \$500 per month

Employee and one (1) dependent – total cost of \$1,000 per month

Employee and two (2) or more dependents – total cost of \$1,400 per month

Example 1. Employee A and B are spouses who both work for the City of Hayward. Employee A participates in City-sponsored health insurance at the Employee plus 1 level (City cost of \$1,000 per month), with Employee B enrolled as Employee A's one dependent. If each employee was to participate in a City-sponsored plan as individual employees, then the City's cost would be \$500 per month for each employee (or a total of \$1,000 per month for two people, each enrolled individually at the employee only level). Since there is no cost savings to the City for enrolling Employee B as a dependent of Employee A, and vice-versa, then neither employee is eligible to receive an alternative benefit.

Example 2. Employee A and B are spouses who both work for the City of Hayward. They have one child. Employee A participates in City-sponsored health insurance at the Employee +2 or more level (City cost of \$1,400 per month), with Employee B and the child enrolled as Employee A's dependents. If Employee B was to enroll in a City sponsored plan individually (City cost of \$500), and Employee A's participation was modified to the Employee +1 (City cost of \$1,000), the City's total cost for providing benefits to both employees would increase from \$1,400 to \$1,500 per month. Since the City realizes a \$100 savings per month due to Employee B's enrollment as a dependent of Employee A, Employee B is eligible to receive an alternative benefit. The amount of this alternative benefit will be \$100 per month.

Example 3. Employee A and B are spouses who both work for the City of Hayward. They have two children. Employee A participates in City-sponsored health insurance at the Employee + 2 or more level (City cost of \$1,400 per month), with Employee B and the two children enrolled as Employee A's dependents. If Employee B was to enroll in a City sponsored plan individually (City cost of \$500), and Employee A continued to participate in Employee +2 or more benefits with the two children as dependents (City cost of \$1,400), the City's costs for providing benefits to both employees would increase from \$1,400 to \$1,900 per month. Since the City realizes a \$500 savings per month due to Employee B's enrollment as a dependent of Employee A, Employee B is eligible to receive an alternative benefit. The amount of this alternative benefit will be \$210 per month (the maximum alternative benefit available to employees enrolled as dependents of another employee).

C. Enrollment Procedures

1. Initial Enrollment - Employees requesting an alternative benefit must apply to the Human Resources Director and specify; (i) the number of dependents who would otherwise be eligible (as defined in Paragraph B above) to be covered under a City medical insurance plan; (ii) provide proof of medical insurance coverage from a plan other than a City sponsored plan. The effective date of participation shall be the first of the month following receipt of application in the Human Resources Department.

2. Changes in Enrollment. Employees who experience a qualifying event that would allow for enrollment in a City-sponsored health insurance plan outside of the annual open enrollment period may elect to withdraw participation in the alternative benefit program and participate in medical insurance coverage available from the City

In addition to the foregoing, changes in enrollment status will be allowed as required upon a change in the number of an employee's dependents, provided such change has an effect upon his or her participation in the program. An employee who experiences an increase in eligible dependents, and who is already enrolled in the program, may apply for a corresponding increase in benefit amounts contributed by the City. The increase will be effective the first of the month following receipt of application. An employee who experiences a decrease in eligible dependents shall be required to report same to the Human Resources Department, and a corresponding reduction in benefit amounts contributed by the City shall be made.

All such adjustments in benefit amounts and withdrawals from the alternative benefit program shall take effect on the first of the month following the notification of the qualifying event to the Human Resources Department.

The City Manager may, in individual cases, grant exceptions to the enrollment procedures recited above because of unforeseen circumstances which may result in hardship to an employee.

10. Police Education Incentive Program

Section 15.01 of the 2004-2017 MOU defaults to the Hayward Police Departments policy (Policy 1051) regarding its Police Education Incentive Program. Policy 1051 was modified extensively, but Section 1051.5 now reflects what was negotiated in good faith between the HPOA and the City. Policy 1051.5 includes the following language:

- a) Officers completing the approved study or training requirements during the appropriate qualification period shall receive additional compensation of two and one-half percent (2 ½%) above the salary step currently held. Said compensation shall be paid for a twelve (12) month period (26 bi-weekly pay periods).
- b) The Professional Certification Program established by the California Commission on Peace Officer Standards and Training (POST) shall be made a part of this policy and all future revisions to the Professional Certificate Program shall automatically be incorporated herein.
- c) An officer who obtains a POST Intermediate Certificate shall be entitled to additional compensation of two and one-half percent (2 ½%) above the salary step currently held. It

shall be considered “permanent” and not subject to re-qualification requirements. The additional compensation shall be retroactive to the date the officer is eligible for and submits his/her application for the POST Intermediate Certificate and the Incentive Pay Request application to the Personnel and Training Bureau.

- d) An officer who obtains a POST Intermediate Certificate and who possesses a four-year (BA or BS) degree or higher shall be entitled to compensation of five percent (5%) above the basic salary step currently held. It shall be considered “permanent” and not subject to re-qualification requirements. The additional compensation shall be retroactive to the date the officer is eligible for and submits his/her application for the POST Intermediate Certificate and Incentive Pay Request application to the Personnel and Training Bureau.
- e) Officers who obtain a POST Advanced Certificate shall be entitled to compensation of seven and a half percent (7 1/2%) above the basic salary step currently held. It shall be considered “permanent” and not subject to re-qualification requirements. The additional compensation shall be retroactive to the date the officer is eligible for and submits his/her application for the POST Advanced Certificate and Incentive Pay Request application to the Personnel and Training Bureau.
- f) Officers who obtain an Advanced Certificate and who have experience as a sworn California Police Officer for ten (10) years or more shall be entitled to additional “permanent” compensation of ten percent (10%) above the salary step currently held.
- g) Officers who obtain an Advanced Certificate, who have experience as a sworn California Police Officer for ten (10) years or more, and possess a Master’s degree, shall be entitled to additional “permanent” compensation of twelve and one-half percent (12 1/2%) above the salary step currently held. As an alternative, Officers who obtain an Advanced Certificate and who have been officers for twenty (20) consecutive years or more with the Hayward Police Department shall be entitled to additional “permanent” compensation of twelve and one-half percent (12 1/2%) above the salary step currently held.
- h) Officers who obtain an Advanced Certificate, who have twenty (20) consecutive years or more with the Hayward Police Department, and possess a Master’s degree, shall be entitled to additional “permanent” compensation of fifteen percent (15%) above the salary step currently held.
- i) In no case, will an Officer receive more than a total of fifteen percent (15%) above basic salary by reason of his/her participation in the program.

- j) Under this section, employees are only eligible to receive additional compensation under (c), (d), (e), (f), (g) or (h). Employees cannot combine differentials under (c) through (h). As an exception, all employees receiving additional compensation under subsections (c) through (g), would also be eligible to receive the two and one-half percent (2 ½%) as outlined in subsection (a) provided they comply with the requirements of that subsection.

Summary of Requirements and Pay Percentages for POST/Educational Incentive Program		
Subsection	POST/Degree/Years Requirement ¹	Max % Per Subsection
(c)	Intermediate POST	2.5%
(d)	Intermediate POST + Bachelor's Degree	5.0%
(e)	Advanced POST	7.5%
(f)	Advanced POST + 10 Years Sworn Experience	10.0%
(g)	Advanced POST + 10 Years Sworn Experience + Master's Degree	12.5%
(g)	Advanced POST + 20 Years Hayward Sworn Experience	12.5%
(h)	Advanced POST + 20 Years Hayward Sworn Experience + Master's Degree	15.0%
(a)	Addition % Allowed with Continuing Education ²	2.5%

¹ To be eligible, employees must have at least four (4) years full-time experience as a California Police Officer.

² Can be combined with incentives earned under (c), (d), (e), (f), or (g).

11. Supplemental Retirement Benefits

Section 6.08 (Supplemental Retirement Benefit) shall be added and all addendums and side letters modifying the provisions of the supplemental benefit or OPEB Liability shall be null and void and replaced with the following:

The City will provide eligible employees who retire from the City (either due to a disability retirement or a service retirement) with a supplemental retirement benefit as provided in this section.

For employees retiring on or after July 1, 2004, eligibility for retiree medical plan contributions is limited to employees who have completed ten years of service or more with the City of Hayward. The vesting provision is not applicable to industrial disability retirements.

Effective July 1, 2004, the City shall contribute up to \$261.64 per month or the Kaiser North single party rate, whichever is greater, less the amount provided in Section 6.01 above, for each active employee, each eligible retired employee who was hired before May 1, 2012, or the eligible survivor of a retiree who was hired before May 1, 2012 who subscribes for coverage.

Effective May 1, 2012, the City shall not contribute more than a total of \$508.30 per month, less the amount provided under Section 6.01 above, for each eligible retired employee who was hired on or after May 1, 2012 or to the eligible survivor of a retired employee who was hired on or after May 1, 2012 toward the premium cost of City sponsored health insurance. The City contribution shall not exceed the lesser of \$508.30 or the premium cost, which is either the basic rate or the supplement to Medicare rate, incurred by the retiree or his/her survivor under CalPERS policy and includes any required Public Employees' Medical and Hospital Care Act (PEMHCA) contribution (which is \$112 per month in calendar year 2012).

In the event PERS requires a minimum employer payment in excess of the amounts received above, the City shall pay such additional amounts during the term of this Memorandum of Understanding.

This supplemental benefits provided under this provision are paid in the form of cash to the retiree on a monthly basis. In order to receive a benefit under this provision, an employee must begin receiving pension benefits from CalPERS within one-hundred and twenty (120) days of leaving City employment and be enrolled in a CalPERS sponsored health plan. Retirees are solely responsible for any tax consequences associated with the receipt of benefits under this section.

12. OPEB Liability

Section 9 of the FY 2013 and FY 2014 Cost Saving Side Letter of Agreement dated May 10, 2012 (dealing with OPEB Liability effective July 1, 2012) is deleted and replaced with the following:

As part of its fiduciary responsibility to the Hayward community, the City of Hayward's financial plan includes regular contributions to its retiree medical trust to the greatest extent possible. As a result of this agreement, the City will continue to make regular annual contributions and will report such contributions in its budget and financial reports each fiscal year.

Effective the pay period including July 1, 2018, HPOA bargaining unit members shall contribute 1% of base salary (excluding all special pays, incentive pays, allowances and overtime), to an irrevocable trust to fund the unfunded retiree medical obligations.

The contributions made by HPOA members to the trust fund shall be exclusively allocated for the expense of the retiree healthcare of its members.

13. Economic Downturn

At the request of the City, the HPOA agrees to engage in discussions with the City in the event that there has been a significant financial change to the City. A "significant financial change" is defined as a net of total General Fund Revenues minus total General Fund expenditures resulting in a 5% or more negative change compared to the prior year. The situation would have to be supported by verifiable information that such a situation has, or is going to occur. The POA agrees to meet with the City and discuss any significant financial change in the status of the General Fund as defined above and ways the City and POA might address it. Any modification of the MOU must be based on a written agreement by the parties. Unless the contract has expired, the City cannot unilaterally impose any change to the MOU as a result of negotiations under this Economic Downturn section.

14. Protection of Benefits

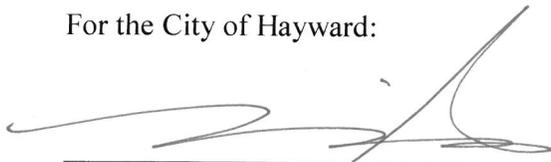
The parties acknowledge that the terms and conditions of this Addendum are irrevocable during the term of this Agreement and it is the intent of the parties, that unless a modification of such benefits is mutually agreed upon, that such benefits shall continue unabated during the term of the Agreement. If the law reduces, modifies, or eliminates any or all of the benefits, the parties shall meet and discuss mutually acceptable solutions to mitigate negative impacts on employees.

15. Duration

Section 21.00 (Duration) and all addendums and side letters modifying the provisions of said section shall be null and void and replaced with the following:

The terms of this Memorandum of Understanding, including this Addendum, shall continue in full force and effect until; 12:01 a.m. July 1, 2019 or until the parties complete good faith bargaining for a successor MOU, unless a provision of this Agreement specifically states otherwise. This Memorandum of Understanding shall hereafter be referred to as the 2004-2019 MOU.

For the City of Hayward:



Frances David, City Manager

For the Hayward Police Officers' Association



James Javier, President