

CITY OF COSTA MESA

PROPOSAL NO. 1 TO COSTA MESA CITY EMPLOYEES ASSOCIATION

September 19, 2016

ARTICLE 2 – TERM OF AGREEMENT

4 year term (July 1, 2016 – June 30, 2020)

ARTICLE 3 – SALARIES AND WAGES

Year 1 – Beginning with the first full pay period starting after ratification by the City Council: 2% increase for all classifications subject to this MOU.

Year 2 – Beginning with the first full pay period starting in July, 2017: 2% increase for all classifications subject to this MOU.

Year 3 – Beginning with the first full pay period starting in July, 2018: 2% increase for all classifications subject to this MOU.

Year 4 – Beginning with the first full pay period starting in July, 2019: 2% increase for all classifications subject to this MOU.

ARTICLE 6 – RETIREMENT

Year 1 - Beginning with the first full pay period after ratification of this MOU by the City Council: 15% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPR tier) for all classifications subject to this MOU. (15% is total of statutory employee contribution and cost sharing).

Year 2 – Beginning with the first full pay period starting in July, 2017: 14% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPR tier) for all classifications subject to this MOU. (14% is total of statutory employee contribution and cost sharing).

Year 3 – Beginning with the first full pay period starting in July, 2018: 13% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPR tier) for all classifications subject to this MOU. (13% is total of statutory employee contribution and cost sharing).

Year 4 – Beginning with the first full pay period starting in July, 2019: 12% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPR tier) for all

classifications subject to this MOU. (12% is total of statutory employee contribution and cost sharing).

ARTICLE 7 – HEALTH INSURANCE AND RETIREE MEDICAL BENEFIT PROGRAM

Section 7.3 – CONTRIBUTION AMOUNT

Year 1 – Beginning with the first full pay period starting after ratification of this MOU by the City Council, the monthly contribution for all classifications subject to this MOU shall be increased from \$919 to \$1,000.

Year 2 – Beginning with the first full pay period starting in July, 2017: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,100.

Year 3 – Beginning with the first full pay period starting in July, 2018: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,200.

Year 4 – Beginning with the first full pay period starting in July, 2019: the month contribution for all classifications subject to this MOU shall be increased to \$1,300.

New section regarding Affordable Care Act (“ACA”) - add the following requirement to Article 7:

All employees must enroll in an available City health program unless they opt out. In order to opt out, an employee must provide the following: (1) proof that the employee and all individuals for whom the employee intends to claim a personal exemption deduction for the taxable year or years that begin or end in or with the City’s plan year to which the opt out applies (“tax family”), have or will have minimum essential coverage through another source (other than coverage in the individual market, whether or not obtained through Covered California) for the plan year to which the opt out arrangement applies (“opt out period”); and (2) the employee must sign an attestation that the employee and his/her tax family have or will have such minimum essential coverage for the opt out period. An employee must provide the attestation every plan year at open enrollment or within 30 days after the start of the plan year. The opt-out payment cannot be made and the City will not in fact make payment if the employer knows that the employee or tax family member doesn’t have such alternative coverage, or if the conditions in this paragraph are not otherwise satisfied.

New section: Reopener on ACA – add the following to Article 7:

The City may reopen negotiations on the issue of health insurance benefits or cafeteria plan (including, as to both, but not limited to, plan benefits or structure, City or employee contributions and/or opt out amount or requirements) in order to avoid penalties or taxes under the ACA that may result from an interpretation of the ACA by the Internal Revenue Service or other federal agency (including, but not limited to, a revenue ruling, regulation or other guidance) or a ruling by a court of competent jurisdiction.

Unless agreed to in this proposal, the City rejects CMCEA's proposals.

Fiscal Impact Analysis for COIN Ordinance
 City Bargaining Proposal September 19, 2016
 Based on Fiscal Year 2016-17 Budgeted Costs

	Value of Pay/ Benefit	Existing Contract Budgeted FY 16-17 Cost to City	City Proposal FY 16-17	City Proposal FY 17-18	City Proposal FY 18-19	City Proposal FY 19-20	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary		\$17,167,521	\$17,339,196 (6)	17,685,980	18,039,699	18,400,493				
Pension / Retirement Benefits	2.5% @ 55 2.0% @ 60 2.0% @ 62	4,588,323 Included above Included above	4,809,507 (8) Included above Included above	5,182,138	5,983,889	6,811,102	\$62,543,308 (4)	68,558,168 (9)	\$145,529,956 (4)	143,844,082 (9)
Cafeteria Plan Benefits	\$919/month	2,602,608	2,717,304 (7)	2,989,034	3,260,765	3,532,495				
Bilingual Pay	5.00%	139,974	141,373	144,201	147,085	150,027				
Bilingual Pay	2.50%	3,462	3,497	3,567	3,638	3,711				
Class A / B License Pay	\$700	4,200	4,200	4,200	4,200	4,200				
Emergency Med Dispatch Pay	5.00%	40,136	40,537	41,348	42,175	43,018				
Medicare	1.45%	248,105	250,586	255,597	260,709	265,924				
Shift Differential Pay	5.00%	19,589	19,785	20,180	20,584	20,996				
Shift Differential Pay	7.50%	73,747	74,484	75,974	77,494	79,044				
Shift Differential/AM Pay	10.00%	28,597	28,883	29,460	30,050	30,651				
Shorthand Pay	2.50%	4,896	4,945	5,044	5,145	5,248				
Uniform Pay		19,263	19,263	19,263	19,263	19,263				
Estimated Costs:										
Retiree Medical (1)		761,675	769,291	784,677	800,371	816,378	17,407,866 (5)	17,407,866		
Overtime (2)		325,359	328,613	335,185	341,888	348,726				
Excess Vacation Payoff / Cashouts (3)		148,177	149,659	152,652	155,705	158,819				
Total		\$26,175,630	\$26,701,123	\$27,728,501	\$29,192,660	\$30,690,094				
Change year-to-year:			525,493	1,027,378	1,464,159	1,497,435				
Total Number of Employees		236	236	236	236	236				

Council Member Acknowledgement:

Stephen Mensinger, Mayor

James Righelmer, Mayor Pro-Tem

Sandra Gehis, Council Member

Gary Monahan, Council Member

Katrina Foley, Council Member

Notes:

- (1) - Prorated share based on ratio of total retiree medical budget to total regular salaries.
- (2) - Prorated share based on ratio of total overtime budget to total regular salaries.
- (3) - Prorated share based on ratio of total payouts budget to total regular salaries.
- (4) - Amounts from PERS Valuation for Miscellaneous Employees dated October 2015 prorated to this group.
- (5) - From the June 30, 2014 Nyhart report--
 Unfunded amount is a proportional share of the current total unfunded liability amount of \$35.8 million.
- (6) - General wage increase of 2% per year (first year effective mid-year)
- (7) - Increase flexible benefit contribution from \$919/month to \$1,300/month by year four.
- (8) - Proposal is for employees of all three tiers to contribute 15% in year one declining to 12% by year four.
 Retirement cost also reflects forecasted increase in CalPERS rates.
- (9) - Projected using the proportional increase from the PERS Valuation dated August 2016.