



# *CITY COUNCIL AGENDA REPORT*

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**MEETING DATE:** July 18, 2006

**ITEM NUMBER:**

**SUBJECT:** SALARY ADJUSTMENTS FOR CLASSIFICATIONS REPRESENTED BY THE COSTA MESA FIREFIGHTERS ASSOCIATION (CMFA)

**DATE:** JULY 6, 2006

**FROM:** ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

**PRESENTATION BY:** TERRI L. CASSIDY, HUMAN RESOURCES MANAGER

**FOR FURTHER INFORMATION CONTACT:** DEBRA YASUI at (714) 754-5052

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## **RECOMMENDATION:**

1. Adopt Resolution Number 06 - \_\_\_\_\_ (Attachment I), which implements salary range adjustments for job classifications represented by the Costa Mesa Firefighters Association (CMFA), as negotiated between the City and the CMFA.
2. Approve Budget Adjustment BA # 07-003, in the amount of \$497,462 (Attachment II) to transfer funds from the Non-Departmental cost center to the Fire Department's operating budget, to cover the salary adjustment.

## **BACKGROUND:**

The City and the Costa Mesa Firefighters Association (CMFA) are in the final year of a three-year agreement that commenced in July 2004. As prescribed in the 2004 – 2007 Memorandum of Understanding (MOU), the City will implement the last salary adjustment as agreed upon for the final year of the contract based upon the existing contract language. Approval of the recommended action will authorize salary range increases to be effective retroactive to the pay period that includes July 1, 2006.

Summarized, the salary adjustment will be based upon the following:

**THREE PHASES** – The Parties hereby agree upon a basis of compensation which is revenue sensitive and recognizes mutual interests. The basis of compensation includes implementation of three phases:

Phase I utilizes the average total compensation of the agreed-upon benchmark survey agencies for top step Firefighter to determine a "fair wage". The survey agencies utilized in this process include Costa Mesa's contiguous agencies (Fountain Valley, Huntington Beach, Newport Beach, Santa Ana and the Orange County Fire Authority). Costa Mesa's total compensation is not calculated in the average.

Phase II has utilized the concept of an affordability factor since 1994. The City will use the most recent Chapman University Economic and Business Review/Forecast Update Report and the most recent Department of Labor's Consumer Price Index (CPI-W) to determine affordability. The Chapman Report shall be limited to Orange County variables of Total Payroll Employment and Total Taxable Sales from the previous year-end. The calculation is as follows: add Total Payroll Employment to Total Taxable Sales and subtract CPI.

Phase III – For the third year of the agreement, the City will use the **greater** of: 1) the average fair wage increase, or 2) affordability.

The June 2006 Chapman Report and the June 2005-May 2006 CPI-W will be utilized for the affordability calculation in Phase II as negotiated with the CMFA to determine the adjustment referenced in Phase III.

On June 22, 2006, Administrative Services staff, including Administrative Services Director Stephen Mandoki, Human Resources Manager Terri Cassidy, Personnel Administrator Lance Nakamoto and Principal Personnel Analyst Debra Yasui, met with CMFA President Jeff Janzen and Board Member William Kershaw to ensure concurrence on the application of the formula.

### **ANALYSIS:**

To determine salary range increases for the CMFA, the City has "looked-ahead" by considering available data for the comparison agencies regarding negotiated adjustments that will be implemented within six months and two weeks of the CMFA July 1, 2006 adjustment date.

With this "look-ahead", the total compensation calculation indicated that the average fair wage increase is greater than the affordability factor which was calculated at 2.7%. In accordance with the 2004-2007 CMFA MOU, the City will adjust salary ranges for CMFA-represented classifications (i.e., Fire Fighter, Fire Engineer, and Fire Captain) by the average fair wage increase of 4.41%.

### **ALTERNATIVES CONSIDERED:**

No other alternatives were considered since the City is obligated under the Government Code to implement the salary adjustment as defined in the CMFA MOU.

### **FISCAL REVIEW:**

Implementation of the recommended salary range adjustments for CMFA-represented classifications will result in an estimated budgetary impact of \$365,713 in salary and \$131,749 in related benefits or an estimated total annual impact of \$497,462. The FY 06-07 adopted budget provides funding for employees' salary increases. The attached Budget Adjustment BA #07-003 for \$497,462 will transfer funds from the Non-Departmental cost center to the Fire Department's operating budget to cover the salary adjustment for CMFA effective July 1, 2006 to June 30, 2007.

**LEGAL REVIEW:**

The City Attorney has reviewed and approved the Resolution.

**CONCLUSION:**

As provided in the 2004 - 2007 CMFA MOU, staff presents for City Council approval the 4.41% adjustment and the attached resolution that implements the adjustments retroactive to the pay period that includes July 1, 2006.

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TERRI L. CASSIDY  
Human Resources Manager

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STEPHEN N. MANDOKI  
Director of Administrative Services

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MARC R. PUCKETT  
Director of Finance

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KIMBERLY HALL BARLOW  
City Attorney

DISTRIBUTION: City Manager  
Assistant City Manager  
City Attorney  
Finance Director  
Deputy City Clerk  
CMFA

ATTACHMENTS: I [Salary Resolution 06-\\_\\_\\_\\_\\_](#)  
II [Budget Adjustment BA #07-003](#)