



CITY COUNCIL AGENDA REPORT

MEETING DATE: November 20, 2007

ITEM NUMBER:

SUBJECT: ADOPTION OF THE AMENDED MEMORANDUM OF UNDERSTANDING AND SALARY ADJUSTMENTS FOR THE COSTA MESA CITY EMPLOYEES ASSOCIATION (CMCEA)

DATE: November 13, 2007

FROM: ADMINISTRATIVE SERVICES DEPARTMENT/HUMAN RESOURCES DIVISION

PRESENTATION BY: TERRI L. CASSIDY, HUMAN RESOURCES MANAGER

FOR FURTHER INFORMATION CONTACT: TERRI L. CASSIDY (714) 754-5115

RECOMMENDATION:

1. Adopt the amended Memoranda of Understanding (MOU, Attachment I) between the City of Costa Mesa and the Costa Mesa City Employees Association (CMCEA) through August 31, 2009.
2. Adopt Resolution Number 07 - _____ (Attachment II), which implements salary range adjustments for job classifications represented by the CMCEA, as negotiated between the City and the CMCEA.
3. Approve Budget Adjustment BA # 08-023, in the amount of \$1,283,778 (Attachment III) to transfer funds from the Non-Departmental cost center to each City Department's operating budget, to cover the salary adjustment.

BACKGROUND:

The three-year collective bargaining agreement between the City and the CMCEA expired August 31, 2007. Through a series of collaborative and productive meetings between the City's negotiation team and CMCEA's negotiation team, both parties were able to mutually come to an agreement to extend the existing MOU for two additional years through August 31, 2009. The parties are in full accord.

ANALYSIS:

Following are some key provisions of the negotiated agreement that the parties feel are important interests to both the City and CMCEA.

- Continue the use of five contiguous agencies as marketplace comparisons.
- Salaries will be surveyed annually and adjustments made to bring Costa Mesa to the average of the marketplace, subject to the fiscal ability to support this adjustment. This includes a retro-active adjustment to the pay period including September 1, 2007 and a subsequent adjustment based upon surveys in August 2008.

- The parties agreed to replace the prior “affordability” concept (Chapman report and CPI factors) with a financial hardship clause based upon the City of Costa Mesa’s economic health. Any salary moratorium that is triggered based upon review of revenue sources will be subject to a reopener discussion between the parties on or about September 1 of each contract year.
- Effective January 1, 2008, the City’s contribution toward each employee’s flexible benefit account will increase by \$125.00 per month, to \$799.00.
- Eliminate the medical waiver fee for employees who provide appropriate proof of other medical insurance coverage during annual Open Enrollment for benefits.
- Parties agree to implement procedures to amend the *CalPERS* Miscellaneous Plan to provide Government Code §21354.4 (2.5@55) retirement benefits to be effective on or about October 1, 2008. Pursuant to *CalPERS* regulations, this new formula will apply to all employees that are in active status on the date this amendment takes effect.
- The *CalPERS* regulations require that all (represented and non-represented) miscellaneous employees agree to the implementation of a benefit requiring changes in the employee/employer contribution amount. The City Council has directed that the employees pay the entire cost (based upon the most current actuarial information prior to adoption of the *CalPERS* contract amendment) and therefore, a city-wide election and concurrence for a salary reduction of 1% as of September 1, 2007 and 2.6% or slightly more as of September 1, 2008 must be held to see if a majority of the miscellaneous employees agree to these terms.
- Increase the tuition reimbursement amount to reflect the increased costs in classes and college/university fees.
- Add American Sign Language as qualifying for bilingual pay, subject to proof of competency.
- Add a 20+ year vacation accrual rate and a small increase in sick leave accrual.
- Set a cap on the vacation accrual rate at each accrual level (1-3 years, 3-5 years, etc.) and cease additional accruals once the cap is reached. This agreement replaces the current vacation payout practice.
- Parties mutually agreed to continue discussion on the following items during the life of the agreement:
 - DMV Class A & B driver’s license incentive pay
 - Review of the Drug Testing Program to comply with DMV and DOT regulations and industrial medical protocols.

The CMCEA members overwhelmingly ratified the tentative agreement at a meeting held on October 24, 2007. This agreement is presented to the City Council for final approval and adoption.

ALTERNATIVES CONSIDERED:

The parties to this agreement considered a wide variety of issues in the context of good faith negotiations in accordance with Government Code Section 3500 et seq. (Meyers-Millias-Brown Act). This MOU represents the successful conclusion of the legal process and appropriate alternatives need not be considered as a result of collaborative efforts expended.

FISCAL REVIEW:

Implementation of the recommended salary range adjustments for CMCEA-represented classifications will result in an estimated budgetary impact of \$737,838 in salary and \$545,940 in related benefits or an estimated total annual impact of \$1,283,778. The FY 2007-08 adopted budget provides some funding for employees' salary increases. The attached Budget Adjustment BA #08-023 for \$1,283,778 will transfer \$500,000 from the Non-Departmental cost center and \$783,778 from Undesignated Fund Balance to each City Department's operating budget to cover the salary adjustment for CMCEA effective August 19, 2007 to June 30, 2008.

LEGAL REVIEW:

The City Attorney has reviewed the documents and approved them as to form.

CONCLUSION:

Staff recommends that the City Council approve the extension of City of Costa Mesa/CMCEA MOU, the salary resolution, and companion budget adjustment.

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DISTRIBUTION: City Manager
Assistant City Manager
City Attorney
Finance Director
City Clerk
CMCEA

ATTACHMENTS: I(a) [CMCEA MOU](#)
I(b) [CMCEA MOU – Appendix E](#)
II [Salary Resolution 07-____](#)
III [Budget Adjustment BA #08-023](#)