



**Side Letter of Agreement
September 1, 2004 – August 31, 2009
Memorandum of Understanding
Between the
Costa Mesa City Employees Association (CMCEA)
And the City of Costa Mesa**

This side Letter of Agreement (“Agreement”) is entered into by and between the City of Costa Mesa (“City”) and the Costa Mesa City Employees Association (“CMCEA”). As part of the City’s Budget Development Strategies to balance the City’s current 2010-2011 Operating Budget and future fiscal year budgets, CMCEA and the City conducted numerous meet & confer meetings to reach concurrence on the items presented in the Letter of Agreement. The City and CMCEA have met and conferred in good faith and agree that the September 1, 2004 – August 31, 2009 CMCEA Memorandum of Understanding (“MOU”) shall be continued and supplemented with the following amendments:

I. Article 2 – Term of Agreement:

The City and CMCEA agree to extend the September 1, 2004 – August 31, 2009 MOU to March 31, 2013 with the additional and modified terms and conditions contained in this Letter of Agreement. It is agreed by the City and CMCEA that any potential adjustments to benefits and compensation that might result from the meet and confer process on or about March 31, 2013 will not be effective until the pay period that will include July 1, 2013.

II. Article 6 – Retirement – Retirement Contribution:

In addition to the current 3.52% employee contribution, employees covered by this Agreement shall contribute an additional four percent (4%) of the employee’s PERSable earnings towards the employee retirement contribution for a period of twenty-six (26) consecutive pay periods. The expected commencement date for the employee contribution will be the first pay period following the effective date of the contract amendment. To the extent permitted by CalPERS and the IRS regulations, this 7.52% contribution shall be implemented through payroll deduction on a pre-tax basis. The contribution will be enacted by using Section 20516 as stated by PERS to be “Cost Sharing.”

If any other employee group continues a PERS retirement contribution beyond the initial 26 pay periods agreed to in this Letter of Agreement, then CMCEA will continue to contribute up to the additional 4% (as well as the current 3.52% employee contribution) towards the employee’s portion of PERS for an additional 26 pay periods.

However, if the employee PERS retirement contribution obligation is reduced for any other employee group that continues to pay a PERS contribution beyond the initial 26 pay periods, the CMCEA contribution shall be 1% less than the lowest contribution of any other employee group continuing to make said contribution.

III. Article 6 – Retirement -PERS Retirement Formula – New Hires:

CMCEA agrees to the City implementing a second tier PERS Retirement Formula of 2% @ 60 for new hires and that the employees hired after the implementation of the 2% @ 60 formula will pay 7.0% of their PERSable earnings towards the employee retirement contribution.

IV. Article 7 – Retiree Medical Programs

CMCEA agrees to continue the suspension of the employees' Retirement Health Savings (RHS) plan for fifty-two (52) pay periods, with the employees' 1% portion being applied to the employee's share of their PERS contribution, over and above the contribution required in Article 6 hereof.

V. Article 8 – Holiday Leave

CMCEA agrees to suspend cash-out of the sixteen (16) hours of annual Floating Holidays. Said Floating Holidays will be taken as time off during the payroll calendar years 2011 and 2012.

CMCEA employees who work in positions that require 24/7 coverage without regard to Holidays (i.e., Communications Officers, Police Records Technicians) and who are eligible to cash out the annual Holiday time of 96 hours and choose to do so, will take 16 Holiday hours as leave time and the balance of 80 Holiday hours will be available for cash out.

VI. Article 8 – Holiday Leave - Holiday Closure of City Hall

For calendar years 2010 and 2011, City Hall will close for the period of time between the Christmas and New Year's Day Holidays.

1. During this Holiday closure of applicable City Hall and City facilities, employees shall use accrued leave time (i.e., vacation, compensatory, holiday) for all time off. Employees who work in positions requiring coverage 24 hours a day are excluded from this period of Holiday time off.
2. Employees without sufficient accrued leave time will take leave without pay (ABS).
3. In lieu of using accrued leave time, employees with sufficient leave time may elect to take leave time without pay(ABS) if they prefer.

During the holiday closure, employees using ABS will be eligible for the City's flexible benefits contribution. Benefit premium deductions will still be deducted as usual. However, if an employee does not have enough earnings to cover their deductions for the pay period, the deductions will be taken from the next paycheck.

VII. Article 5 – Uniform Maintenance Allowance

The City provides uniforms for employees represented by the Association. The City will continue to replace, repair and maintain uniforms worn in the line of duty. The City will report the average cost of the uniforms/uniform allowances to CalPERS as special compensation at \$7.56 per pay period for employees required to wear uniforms.

VIII. - MOU Provisions:

Except as provided herein, all remaining terms and provisions of the aforementioned MOU shall remain in full force and effect through the term of this Letter of Agreement.

REPRESENTATIVES OF THE CITY OF COSTA MESA

STEPHEN N. MANDOKI
Administrative Services Director

LANCE M. NAKAMOTO
Human Resources Administrator

BOBBY YOUNG
Budget & Research Officer

KASAMA LEE
Principal Human Resources Analyst

JULIE SCHALL
Human Resources Analyst

REPRESENTATIVES OF THE COSTA MESA CITY EMPLOYEES ASSOCIATION

LARRY LYKINS
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