



# *CITY COUNCIL AGENDA REPORT*

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**SPECIAL MEETING DATE:** October 26, 2010

**ITEM NUMBER:** 1

**SUBJECT:** LETTER OF AGREEMENT (LOA) BETWEEN THE COSTA MESA FIRE MANAGEMENT ASSOCIATION (CMFMA) AND THE CITY OF COSTA MESA

**DATE:** OCTOBER 25, 2010

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

**PRESENTATION BY:** STEPHEN N. MANDOKI, ADMINISTRATIVE SERVICES DIRECTOR

**FOR FURTHER INFORMATION CONTACT:** STEVE MANDOKI, AT (714) 754-5350

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## **RECOMMENDATION:**

1. Approve and adopt the Letter of Agreement (Attachment I) with the Costa Mesa Fire Management Association (CMFMA).

## **BACKGROUND:**

In June, City representatives and the associations officially began the meet and confer process to address the City's deficit. In light of employee reductions via layoffs coupled with the elimination of vacant positions, the City still faced a \$9.5 million budget deficit based upon the proposed fiscal year 2010-2011 budget.

The Letter of Agreement ("Agreement") provides for the following:

1. The term of the Agreement will commence on October 26, 2010, and will expire June 30, 2014
2. CMFMA employees covered by this Agreement shall contribute 5% of the employee's PERSable earnings towards the employee retirement contribution for a period of one-hundred and four (104) consecutive pay periods. Should Costa Mesa Firefighters Association (CMFA) not agree to a 5% PERS contribution beyond 26 pay periods, then CMFMA agrees to contribute the same corresponding amount from individual's medical flex bucket for the remaining 78 pay periods.
3. CMFMA agrees to suspend the VantageCare Retirement Health Savings (RHS) Plan for 52 pay periods. CMFMA agrees to a reopener regarding continuation of the RHS Plan suspension if any other employee association agrees to a suspension of the RHS Plan beyond 52 pay periods. CMFMA agrees to apply the 1% employee contribution (that would otherwise have been returned to the employee) towards the cost of the 3@50 CalPERS retirement benefit.

4. Benefit Contribution Costs – The contribution towards the employees’ medical and health care benefits shall be frozen at the 2010 level for calendar years 2011 and 2012.
5. Cost of Living Adjustment – Potential adjustments in years 3 and 4 based upon identified increases in the City’s Sales tax, Property Tax and Transient Occupancy Tax.
6. Professional Development Program – funding of the Professional Development benefit shall be suspended for fiscal years 2011-2012 and 2012-2013.

**ALTERNATIVES CONSIDERED:**

Based upon the direction from City Council to staff, no other alternatives were considered. Reductions totaling \$40,300 are being presented for City Council approval.

**FISCAL REVIEW:**

The implementation of this Agreement with CMFMA will provide an annual total cost savings to the City of approximately \$40,300.

The payment of five percent (5%) of the employee’s PERSable earnings by CMFMA will produce an annual cost savings of approximately \$32,000. The suspension of the RHS plan will provide an annual cost savings of approximately \$8,300, which includes the CMFMA employees contributing their one percent (1%) share towards their PERS costs.

**LEGAL REVIEW:**

The City Attorney’s Office has reviewed the attached documents and, where appropriate, approved them as to form.

**CONCLUSION:**

Adoption of the CMFMA Letter of Agreement at this meeting is necessary for the City to obtain and implement cost savings measures as of the pay period that begins on October 24, 2010.

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STEPHEN N. MANDOKI

Administrative Services Director

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ALLAN L. ROEDER

City Manager

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BOBBY YOUNG

Budget & Research Officer

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KIMBERLY HALL BARLOW

City Attorney

DISTRIBUTION: City Manager  
City Attorney  
Finance Director  
Deputy City Clerk

ATTACHMENTS: | [CMFMA Letter Of Agreement](#)