



CITY COUNCIL AGENDA REPORT

MEETING DATE: April 19th, 2016

ITEM NUMBER: PH-1

SUBJECT: CIVIC OPENNESS IN NEGOTIATIONS (COIN) ORDINANCE SECOND PUBLIC HEARING AND ADOPTION OF THE 2014-2018 MEMORANDUM OF UNDERSTANDING (MOU) BETWEEN THE CITY OF COSTA MESA AND THE COSTA MESA POLICE ASSOCIATION (CMPA). THE ADOPTION OF THE ACCOMPANYING SALARY RESOLUTION AND ADOPTION OF THE CALPERS EMPLOYER PAID MEMBER CONTRIBUTION RESOLUTION.

DATE: March 31, 2016

FROM: CHIEF EXECUTIVE'S OFFICE/HUMAN RESOURCES DIVISION

PRESENTATION BY: TAMARA S. LETOURNEAU, ASSISTANT CHIEF EXECUTIVE OFFICER
LANCE M. NAKAMOTO, HUMAN RESOURCES MANAGER

FOR FURTHER INFORMATION CONTACT: LANCE NAKAMOTO (714) 754-5172

RECOMMENDATION:

Staff recommends that the City Council:

1. Hold the second Public Hearing as required by COIN.
2. Approve and adopt the 2014-2018 Memorandum of Understanding between the City of Costa Mesa and the CMPA (Attachment I).
3. Adopt Resolution Number 16- ____ (Attachment II), which provides for a 3% salary increase for CMPA represented employees effective the pay periods inclusive of the adoption of the MOU, July 1st, 2016 and July 1st, 2017.
4. Adopt Resolution Number 16- ____ (Attachment III), for paying and reporting the value of the Employer Paid Member Contribution (EPMC) related to the Costa Mesa Police Officers Association. The effective date of this Resolution is inclusive of the adoption of the MOU.
5. Adopt Resolution Number 16- ____ (Attachment IV), for paying and reporting the value of the Employer Paid Member Contribution (EPMC) related to the Costa Mesa Police Officers Association. The effective date of this Resolution is June 26, 2016.
6. Adopt Resolution Number 16- ____ (Attachment V), for paying and reporting the value of the Employer Paid Member Contribution (EPMC) related to the Costa Mesa Police Officers Association. The effective date of this Resolution is June 25, 2017.

BACKGROUND:

The previous CMPA MOU including subsequent side letter agreements between the City and the CMPA expired March 31st, 2013. Adhering to the COIN Ordinance, a series of cooperative and productive meetings between the City's designated negotiation team and CMPA's negotiation team were held, which resulted in the attached 2014-2018 CMPA MOU (Attachment I). The MOU expires June 30th, 2018. In conjunction, the Fiscal Impact is included as Attachment IV.

ANALYSIS:

The following are the key provisions of the negotiated MOU:

- Term of MOU. July 1st, 2014 through June 30th, 2018.

- CalPERS Cost Sharing. The CMPA members shall pay five percent (5%) of their pensionable income toward the City's/Employers Contribution to CalPERS effective the pay period inclusive of the pay period of the adoption of the MOU.

- CalPERS Retirement Contribution. The CMPA members to assume responsibility for paying the entire nine percent (9%) employee contribution in the following manner:
 1. Inclusive of the pay period of the adoption of the MOU, CMPA members to pay 3%.
 2. Inclusive of the pay period of July 1st, 2016, CMPA members to pay 3%.
 3. Inclusive of the pay period of July 1st, 2017, CMPA members to pay 3%.

- Wage Increase. The CMPA members shall be provided with a three percent (3%) base wage increase inclusive of the pay periods of the adoption of the MOU, July 1st, 2016, and July 1st, 2017.

- Vacation Leave.

2nd Tier Annual Vacation Accruals for New Employees, including reduced Vacation Accrual Maximum reduced for all employees to 320 hours.

 - 0-2 years 80 hours
 - 3-6 years 120 hours
 - 7-12 years 140 hours
 - 13-14 years 160 hours
 - 15-19 years 180 hours
 - 20+ years 200 hours

- Sick Leave.
 - For employees hired prior to Council adoption of MOU, combine primary and secondary sick leave accounts and freeze at total hours on date of MOU adoption.
 - Employees will have 18 month grace period, through July 1st, 2017, to retire in order to be eligible for the current cash out of 240 hours of sick leave maximum.
 - After grace period/retirement window, no cash out/no cash value of any primary or secondary account balances.
 - As regards primary and secondary sick leave accounts, maintain 100% sick leave conversion to service credit at 1 day = 0.004 years service credit.
 - For employees hired on and after Council adoption of MOU, there shall be no primary or secondary accounts.
 - For all employees going forward, the first payroll period commencing on or after Council adoption of MOU, each employee, whether or not having a primary and/or secondary sick leave account, will be initially credited with 96 hours in their SICK LEAVE BANK, and thereafter shall earn 3.69 hours of sick leave per pay period (this would equate to 96 hours per year), not to exceed 192 max accrual. If employees reach the max 192 hour accrual, they will be able to cash out accruals (3.69 hours per pay period).
 - No cash out/no cash value as to the SICK LEAVE BANK; service credit conversion.

The CMPA members have ratified the tentative agreement. This agreement is presented per the COIN Ordinance 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-Milias-Brown Act). The attached MOU represents the successful conclusion of the COIN Ordinance process, legal process and appropriate alternatives need not be considered as a result of cooperative efforts expended.

FISCAL REVIEW:

The Fiscal Impact Analysis (Attachment VI) prepared, per the COIN Ordinance, shows the fiscal impact of each year of this contract is as follows:

- Fiscal Year 2015-2016: \$442,593
- Fiscal Year 2016-2017: \$685,271
- Fiscal Year 2017-2018: \$709,818

The total increased cost is \$1,837,682 during the term of the CMPA MOU. The review of the proposed tentative agreement resulted in no factors that would be outside the scope of what CalPERS has already included as part of their actuarial analysis and

calculations of funded and unfunded liability. This was confirmed with a representative from CalPERS.

A Senior Actuary for PERS stated that there would be no impact on the unfunded liability for the Safety Police Plan. Per the COIN Ordinance, an opinion on the calculations was obtained—the Fiscal Analysis was reviewed and approved by an outside CPA firm: Lance Soll Lunghard LLP.

LEGAL REVIEW:

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

CONCLUSION:

The April 19th Public Hearing is the second and final of the two mandated City Council Meetings conducted pursuant to the COIN Ordinance. In conjunction with the Public Hearing, Staff recommends that the City Council approve and adopt the CMPA MOU, and corresponding Salary and EPMC Resolutions.

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Interim Finance Director

THOMAS DUARTE
City Attorney

DISTRIBUTION: Chief Executive Officer
City Clerk

ATTACHMENTS: I [CMPA MOU](#)
II [Salary Resolution 16-xx](#)
III [EPMC Resolution 16-xx](#)
IV [EPMC Resolution 16-xx](#)
V [EPMC Resolution 16-xx](#)
VI [COIN Fiscal Impact Analysis](#)