

City of Costa Mesa Counter Proposal to the Costa Mesa Firefighters Association
December 21, 2019

In Response to the Association's proposals set forth in its draft side letter from August 2019, the City offers the following counter offer.

1. The Parties agree to modify the FLSA work period from 28 to 14 days effective on the last day of an upcoming and agreed upon 28-day work period.
2. The Parties agree to extend the current MOU to expire exactly three (3) years after the expiration of the current MOU, extending the expiration date from June 30, 2021 to June 30, 2024.
3. The Parties agree to modify Article 12 of the parties' MOU as follows:

ARTICLE 12 - STAFFING LEVELS AND WORK SCHEDULE

12.1 **STAFFING** - The City agrees to daily constant staffing of a minimum of 26 employees in the combined classifications of Firefighter, Fire Engineer, and Fire Captain.

While the City intends to staff each apparatus with a sufficient number of employees to assure the safety of employees and the public, the City retains the discretion to determine the staffing of each type of apparatus staffed by Costa Mesa Fire and Rescue.

12.2 Exceptions to Staffing Model:

The City may deviate from the staffing model set forth in 12.1 for the reasons set forth in this section 12.2. First, the City may deviate from the staffing model set forth in 12.1 if there is a declaration of a fiscal emergency by the City Council. Second, the City need not fill an unexpected vacancy (e.g., sick leave, unexpected injury leave, employees being sent out on a strike team deployment or regional and statewide emergency incidents) that occurs within a 72-hour timeframe, including on a particular shift during that shift. Finally, the City need not fill an expected vacancy (e.g., an employee in paramedic school, proctoring a test, or training) of twelve (12) hours or less.

4. The City is open to modifications to current Article 10.3 to modify the force hire provisions but would like further dialogue with the Association.

**Fiscal Impact Analysis for Transparency in Labor Negotiations
 Cost of Costa Mesa Firefighters Association (CMFA) Contract
 Based on Fiscal Year 2019-20 Budgeted and 2018-19 Actual Costs
 City Counter Proposal Dated 12/21/19 (Counter Proposal #2)**

	Value of Pay/Benefit	Estimated FY 19-20 Cost Based on 2017 Data (10)	Base Summary Existing Contract FY 19-20 Cost to City (1)	Cost to City					Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
				Curent MOU Years		Extension Years						
				FY 19-20 Cost to City	FY 20-21 Cost to City	FY 21-22 Cost to City	FY 22-23 Cost to City	FY 23-24 Cost to City				
Base Salary (9)		\$ 8,072,396	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336	\$ 8,089,336				
Pension / Retirement Benefits (2)	3.0% @ 50	6,445,237	7,562,098	7,562,098	8,202,903	8,808,903	9,326,903	9,677,903	\$ 72,484,330 (2)	\$ 72,484,330	\$ 118,560,968 (2)	\$ 118,560,968
	2.0% @ 50	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above				
	2.7% @ 57	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above				
Cafeteria Plan Benefits	\$25,428/month	1,856,244	2,008,812	2,008,812	2,008,812	2,008,812	2,008,812	2,008,812				
Bilingual Pay	5.00%	124,122	133,392	133,392	133,392	133,392	133,392	133,392				
Bilingual Pay	2.50%	19,746	22,232	22,232	22,232	22,232	22,232	22,232				
Certification Program (8)	varies	651,860	651,860	651,860	651,860	651,860	651,860	651,860				
Fire Administration Assignment	10.00%	12,840	12,841	12,841	12,841	12,841	12,841	12,841				
Paramedic Pay (9)		21,871	264,276	264,276	264,276	264,276	264,276	264,276				
Uniform Pay	\$442	0	26,078	26,078	26,078	26,078	26,078	26,078				
Holiday Allowance	134.4 hrs/year	323,113	385,852	385,852	385,852	385,852	385,852	385,852				
Longevity Pay	frozen	2,268	2,760	2,760	2,760	2,760	2,760	2,760				
Tuition Reimbursement	\$1,500/year	18,250	18,250	18,250	18,250	18,250	18,250	18,250				
Estimated Costs:												
Medicare	1.45%	132,525	136,757	136,757	136,757	136,757	136,757	136,757				
Retiree Medical (3)	6.04%	494,886	494,886	494,886	494,886	494,886	494,886	494,886				
Built-In Overtime (4)	78.21 hrs/yr	474,926	474,926	0	0	0	0	0				
	121.66 hrs/yr	0	0	738,774	738,774	738,774	738,774	738,774				
Excess Overtime (5)(7)		1,755,353	2,685,483	2,685,483	2,685,483	2,685,483	2,685,483	2,685,483				
OT Impacts of Flores Case		538,355	538,355	538,355	538,355	538,355	538,355	538,355				
Excess Accrual Payoff / Cash Outs (6)		39,475	95,877	95,877	95,877	95,877	95,877	95,877				
Subtotal		\$ 20,983,467	\$ 23,604,072	\$ 23,867,920	\$ 24,508,725	\$ 25,114,725	\$ 25,632,725	\$ 25,983,725				
True-Up of Pension Estimates to Actual Costs		1,116,861	-	-	-	-	-	-				
True-Up of Overtime Estimates to Actual Costs		930,130	-	-	-	-	-	-				
True-Up of Other Estimates to Actual Costs		573,614	-	-	-	-	-	-				
Total		\$ 23,604,072	\$ 23,604,072									
	Annual \$ Increase			\$ 263,848	\$ 640,805	\$ 606,000	\$ 518,000	\$ 351,000				
	Annual % Increase			1%	3%	2%	2%	1%				
	Total Contract Increase							\$ 2,379,653				
Total Number of Employees		73	79	79	79	79	79	79				

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Cost of Costa Mesa Firefighters Association (CMFA) Contract
Based on Fiscal Year 2019-20 Budgeted and 2018-19 Actual Costs
City Counter Proposal Dated 12/21/19 (Counter Proposal #2)**

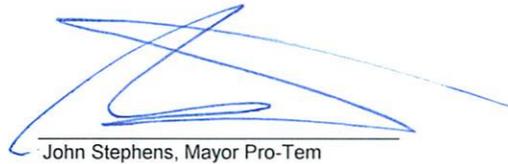
Notes:

- (1) - Cost of Contract per item based on FY 2019-20 Adopted Budget and in some cases, FY 2018-19 expenses (actuals). There are no further base salary increases in the existing contract.
- (2) - A number of changes have been made over the past three years by CalPERS that have caused an increase in annual PERS costs that were unanticipated at the time the COIN analysis was completed in 2017. These include changes to a number of key assumptions when calculating the Net Pension Liability, including the reduction of the discount rate and a decrease in the amortization period. The liability amounts are from the June 30, 2018 CAFR for the City's Safety Fire Plan. Future pension costs were derived using projected contribution rates from the FY 2019-20 Adopted Budget.
- (3) - Rate per employee is not explicit in the contract, however is calculated based on the previously calculated annual required contribution (ARC) calculated by Nyhart, an independent actuary. In FY 2018-19 the City implemented GASB 73 which changed the reporting standards for retiree medical. To remain consistent, we will use the amounts in the COIN analysis.
- (4) - For a 28-Day work period, there are 78.21 built-in FLSA overtime hours owed per employee per year. For a 14-Day work period, there are 121.66 built-in FLSA overtime hours. (Analysis per Liebert, Cassidy Whitmore)
- (5) - Excess overtime is not implicit in the contract, however is estimated based on the amount spent in FY 2018-19 less the built-in overtime amounts above and overtime reimbursed by 3rd parties totaling \$197,584. Calculation used in the previous COIN analysis was based on adopted budget at that time. Over the last 5 years, the Fire Department has been working towards reducing overtime costs and has been successful in bringing the amount closer to the budget amount.
- (6) - Excess Accrual Payoff / Cash Out is not explicit in the contract, however is estimated based on the amount spent in FY 2018-19. The amount used in the previous COIN analysis was based on the budgeted amounts at that time. Amount could include payoff of accrued hours upon separation.
- (7) - The City's proposed changes to Section 12.1 of the MOU include provisions for minimum staffing levels while still preserving a degree of flexibility. If approved, this would require the Fire Chief to staff each station and each apparatus at prescribed levels, 24 hours per day, 365 days per year, except in cases where he/she could staff at lower levels for a 72-hour period. This would allow for the continuation of current practice and provides flexibility in staffing, particularly for short periods of time. If approved, the proposed change is not anticipated to have a significant fiscal impact as this practice is already taking place.
- (8) - Certification pay was held level with the amount used in the previous COIN analysis. This amount will fluctuate based on the certificates each employee receives.
- (9) - The City has changed its budgeting for Paramedic Pay since the previous COIN analysis was completed. Previously, the Paramedic Pay was included in the Base Salary line, with the exception of recertifications. Currently, the Paramedic Pay is budgeted for separately.
- (10) - This represents the estimates projected for Fiscal Year 2019-20 from the COIN analysis completed when the current MOU was negotiated in 2017.

Council Member Acknowledgement:



Katrina Foley, Mayor



John Stephens, Mayor Pro-Tem



Sandra Genis, Council Member



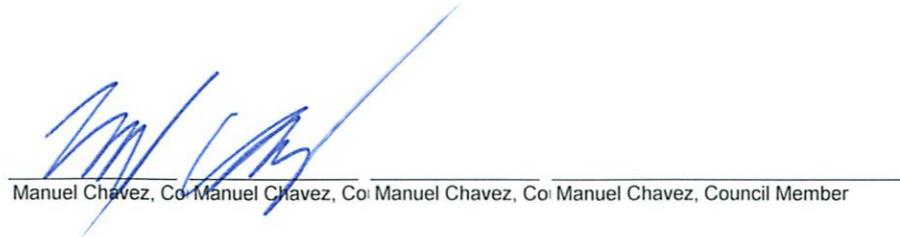
Allan Mansoor, Council Member



Andrea Marr, Council Member



Arlis Reynolds, Council Member



Manuel Chavez, Co-Manuel Chavez, Co-Manuel Chavez, Co-Manuel Chavez, Council Member

Transparency in Labor Negotiations Fiscal Impact Analysis Certification

City of Costa Mesa Council Policy 300-8 states:

2. Economic Analysis

- a. The Finance Director shall prepare an economic analysis on the fiscal impacts of each term and condition of employment made available to the members of all recognized employee organizations. The economic analysis must be verified by an independent auditor.
- b. The economic analysis shall be updated with each proposal and counterproposal presented throughout the negotiation process and posted on the website along with all proposals and counter proposals.
- c. The economic analysis shall be prepared in the format shown on Attachment A and shall include written council member acknowledgment that the analysis has been reviewed by the council member.

Certification:

In accordance with this section, Lance, Soll & Lunghard, LLP has reviewed the fiscal impact analysis related to the December 21, 2019 City Counter Proposal #2 prepared by the City and believe that they accurately reflect the fiscal impacts of the proposal.



Bryan Gruber, CPA
Partner, Lance, Soll & Lunghard, LLP