

COSTA MESA FIREFIGHTERS ASSOCIATION  
NEGOTIATION PROPOSAL #3  
January 17, 2020 (sent electronically)

1. 1-year contract extension
2. 7-day FLSA work period.

The most important issue that needs to be fixed is the inability of firefighters to volunteer for overtime due to the current 28-day work period.

In the past, members were paid contract overtime in that any extra work was paid at the overtime rate of pay. In addition, paid time off counted as hours worked for purposes reaching the overtime threshold. Through negotiations, the City requested that both of these things be eliminated. As a result, within a 28-day period, if a member gets sick and is forced to take a day off, and is then asked to work an extra shift, that extra shift would be paid at the straight time rate of pay. Thus, members are penalized for getting sick, taking their accrued vacation time, or utilizing any other form of important paid leave, such as jury duty or bereavement leave.

As a result, members are cognizant of taking time off and then volunteering for overtime in that same 28-day work period. This has caused a hardship on staffing within the Fire Department as members are not volunteering.

In this proposal, the Association has dropped the request to change the staffing language, and at the City's demand, dropped its request for contract overtime. As a result, in exchange for extending the current MOU, the Association is requesting a 7-day work period. This will allow members to monitor their time off only within a 7-day window, and permit them to volunteer for extra work at the Department's request for the other 21 days. It is in the Association's view a satisfactory alternative.

The City has indicated that the cost increase to the City by switching to a 7-day work period is the equivalent of a 2.9% increase in pay. However, that estimation is largely incorrect. The City will indicate that switching to a 7-day work period from a 28-day work period will result in 87 more hours paid at the overtime rate of pay. However, this alleged increase assumes that no member utilizes any paid time off; paid time off would reduce those 87 hours from overtime pay to straight time. We know that members utilize vacation time, and the vacation usage is greater than 87 hours. Thus, there is a significant possibility that the 87 are not paid at overtime and there is no cost increase associated with switching to a 7-day work period.

**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  
 CMFA Proposal Dated 1/17/20 (Proposal #3)**

	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
				Current MOU Years		Extension Year				
				FY 19-20 Cost to City	FY 20-21 Cost to City	FY 21-22 Cost to City				
Base Salary (9)		\$ 8,072,396	\$ 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	\$ 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				
	2.7% @ 57	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				
Bilingual Pay	5.00%	124,122	133,392	133,392	133,392	133,392				
Bilingual Pay	2.50%	19,746	22,232	22,232	22,232	22,232				
Certification Program (8)	varies	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				
Paramedic Pay (9)		21,871	264,276	264,276	264,276	264,276				
Uniform Pay	\$442	0	26,078	26,078	26,078	26,078				
Holiday Allowance	134.4 hrs/year	323,113	385,852	385,852	385,852	385,852				
Longevity Pay	frozen	2,268	2,760	2,760	2,760	2,760				
Tuition Reimbursement	\$1,500/year	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				
Retiree Medical (3)	6.04%	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				
	121.66 hrs/yr	0	0	1,002,621	1,002,621	1,002,621				
Excess Overtime (5)		1,755,353	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				
Excess Accrual Payoff / Cash Outs (6)		39,475	95,877	95,877	95,877	95,877				
<b>Subtotal</b>		<b>\$ 20,983,467</b>	<b>\$ 23,604,072</b>	<b>\$ 24,131,767</b>	<b>\$ 24,772,573</b>	<b>\$ 25,378,573</b>				
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	-	-	-	-				
<b>Total</b>		<b>\$ 23,604,072</b>	<b>\$ 23,604,072</b>							
	Annual \$ Increase		\$	527,695	\$	640,805	\$	606,000		
	Annual % Increase			2%		3%		2%		
	Total Contract Increase									
Total Number of Employees		73	79	79	79	79				

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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 7-Day work period, there are 165.11 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.
- (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:**

  
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Katrina Foley, Mayor

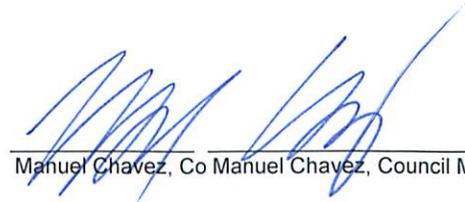
  
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John Stephens, Mayor Pro-Tem

  
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Sandra Genis, Council Member

  
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Allan Mansoor, Council Member

  
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Andrea Marr, Council Member

  
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Arlis Reynolds, Council Member

  
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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 January 17, 2020 CMFA Proposal #3 prepared by the City and believe that they accurately reflect the fiscal impacts of the proposal.



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Bryan Gruber, CPA  
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