

Fiscal Impact Analysis for COIN Ordinance
Cost of Costa Mesa City Employee's Association (CMCEA) Proposal to City dated November 21, 2013
Based on Fiscal Year 2013-2014 Budgeted Costs

	Value of Pay/ Benefit	Existing Contract CY 2012 Cost to City (1)	Existing Contract Projected FY 13-14 Cost to City	New Contract Projected FY 13-14 Cost to City (2)	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary	varies	\$13,422,320	\$15,159,365	\$15,015,226				
Pension / Retirement Benefits	2.5%@55 2.0%@60	2,943,823	4,133,724	3,402,574	\$69,915,454 (3)	83,960,536 (3)	\$147,217,268 (3)	141,225,952 (3)
Cafeteria Plan Benefits	\$9,588	1,743,541	2,042,244	2,042,244				
Bilingual Pay	5.00%	126,691	136,097	136,097				
Bilingual Pay	2.50%	4,154	4,712	4,712				
Class A / B License Pay	\$700	10,149	9,800	9,800				
Emergency Med Dispatch Pay	5.00%	49,384	54,321	54,321				
Matron Duty Pay	5.00%	2,189	0	0				
Shift Differential/PM Pay	5.00%	22,987	34,623	34,623				
Shift Differential Pay	7.50%	39,088	52,906	52,906				
Shift Differential/AM Pay	10.00%	39,300	54,691	54,691				
Shorthand Pay	2.50%	4,556	7,746	7,746				
Estimated Costs:								
Retiree Medical (4)	5.25%	795,867	795,867	795,867	13,491,834			
Overtime		666,007	660,000 (5)	660,000				
Excess Accrual Payoff / Cashouts		283,093	300,000 (6)	300,000				
Total		\$20,153,149	\$23,565,634	\$22,690,345				(875,289)

Total Number of Employees 179 - 209
 Included - Authorized

213
 Included

Council Member Acknowledgement:



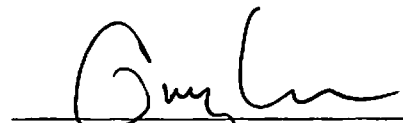
 Jim Righamer, Mayor




 Steve Magsinger, Mayor Pro-Tem



 Sandra Genis, Council Member



 Gary Monahan, Council Member



 Wendy Leece, Council Member

Notes:

(1) - Cost of Contract per item based on Calendar Year 2012 Compensation Report.

(2) - Based on CMCEA Contract proposal to City dated November 21, 2013:

Proposal Item 2: Freeze step increases for all employees. Each step increase is 5%. Step 7 is highest step. Less than 50 employees are below top step.

Savings estimated at \$144,139 annually.

Proposal Item 3a: Increase retirement contribution to full normal employee rate. This raises the contribution from 8.520% of salary to 10.469%.

Savings estimated at \$281,678 annually.

Proposal Item 3b: Employees pay 1/2 of the employer retirement rate increase for FY 2013-14. This raises the employee contribution by 1.555%.

Savings estimated at \$224,736 annually.

Proposal Item 3c: Employees pay an additional 1/2 of the employer retirement rate increase for FY 2013-14. This raises the employee contribution by an additional 1.555%.

Savings estimated at \$224,736 annually.

Proposal Item 4: Includes changes to sick leave accrual rate, maximum balances and elimination of future accruals to sick leave "Bank 2".

Also eliminates the cash out provisions

Savings related to the elimination of the cash out provisions depend on actual sick leave and vacation usage patterns.

Maximum savings could be the equivalent of about 2.4 full-time employees without benefits.

Proposal 5: proposed changes to the salary range steps would have no immediate impact as step increases are frozen during the term of the agreement.

Proposal 12: Reduces the maximum vacation leave accrual from 424 to 320 hours. The potential impact varies based on actual usage.

Up to 5,123 vacation hours (the equivalent of 2.5 full-time employees) would be taken or lost.

All other elements of the proposal have no quantifiable cost or savings.

(3) - Existing amounts from PERS Valuation for Miscellaneous Employees dated October 2012 - including non-CMCEA represented employees.

Projected amounts from PERS Valuation for Miscellaneous Employees dated October 2013 - including non-CMCEA represented employees.

Regarding above Note 2, Proposal 5: additional salary steps could impact future pension liability as they create the potential for additional PERSable income.

(4) - 5.25% rate per employee is not explicit in the contract, however is calculated based on the Annual Required Contribution (ARC) amount

as calculated as of June 30, 2012 by Nyhart, an independent actuary for GASB 45 compliance, and documented in the City's CAFR.

Unfunded amount is a proportional share (based on budgeted payroll) of the current total unfunded liability amount of \$36.4 million.

(5) - Overtime amount is not explicit in the contract, however is estimated based on historical actual costs incurred by the City.

(6) - Payoff - See above note 3, Proposal item 4.

Amount could include payoff of accrued hours upon separation.

(7) - Total number of Employees includes total amount included in the numbers above that column as well as total authorized by the City Council

as part of the annual budget process. The difference between the two are authorized vacant/unfilled positions at the time of report.