

Fiscal Impact Analysis for COIN Ordinance  
 Cost of Costa Mesa Police Association (CMPA) Contract  
 CMPA Opening Proposal October 30, 2014

	Value of Pay/ Benefit	Existing Contract FY 14-15 Cost to City (1)	CMPA Opening Proposal Projected FY 14-15 Cost to City (2)	CMPA Opening Proposal Projected FY 15-16 Cost to City	CMPA Opening Proposal Projected FY 16-17 Cost to City	CMPA Opening Proposal Projected FY 17-18 Cost to City	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary (7)	varies	\$13,214,151	\$13,214,151	14,779,953	15,031,212	15,286,743				
Pension / Retirement Benefits (8)	3.0%@50 2.7%@57	6,708,022 Included above	6,708,022 Included above	6,859,494 Included above	7,693,035 Included above	8,265,535 Included above	82,006,287 (3)		143,166,937 (3)	
Cafeteria Plan Benefits	\$7,572	961,644	961,644	961,644	961,644	961,644				
Bilingual Pay	5.00%	104,937	104,937	117,728	119,730	121,765				
Bilingual Pay	2.50%	22,491	22,491	24,898	25,321	25,751				
Canine Care Pay	8.75%	0	0							
Field Training Pay	12.50%	15,859	15,859	17,556	17,854	18,158				
Police Hazardous Materials Pay		0	0							
Motor Officer Maintenance Pay	\$6,080	42,563	42,563	42,563	42,563	42,563				
Motor Officer Assignment Pay	5.00%	38,288	38,288	43,080	43,812	44,557				
Motor Training Officer Assign Pay	5.00%	0	0							
POST Advanced Certificate Pay	10.00%	987,711	987,711	1,108,585	1,127,431	1,146,597				
POST Intermediate Certificate Pay	5.00%	45,116	45,116	49,944	50,793	51,656				
Shooting Pay--Police Officers Pay	Point based	1,163	1,163	1,163	1,163	1,163				
Uniform Pay--Patrol	2.50%	245,784	245,784	275,557	280,241	285,005				
Estimated Costs:			0							
Medicare	1.45%	208,386	208,386	232,672	236,844	240,871				
Retiree Medical (4)	6.04%	798,135	798,135	892,709	907,885	923,319	12,315,588		1,083,560	
Overtime (5)		1,226,641	1,226,641	1,371,990	1,395,314	1,419,035				
Excess Accrual Payoff / Cash outs (6)		164,412	164,412	164,412	164,412	164,412				
<b>Total</b>		<b>\$24,785,303</b>	<b>\$24,785,303</b>	<b>\$26,943,949</b>	<b>\$28,099,255</b>	<b>\$28,998,775</b>				
Annual cost/(savings)			\$0	\$2,158,646	\$1,155,306	\$899,520				
Total Number of Employees		127	127	127	127	127				

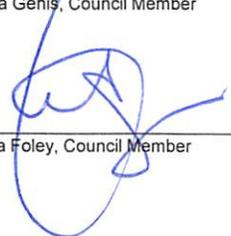
Council Member Acknowledgement:



Sandra Genis, Council Member



Gary Monahan, Council Member



Katrina Foley, Council Member

Notes:

- (1) - Cost of Contract per item based on FY 2014-15 Final Budget worksheets.  
Includes 4% salary increase effective July 2014.  
Existing Contract amounts have been updated primarily to correct retirement and motor officer maintenance pay.
- (2) - assumes new contract provisions are effective July 1, 2015
- (3) - Amounts from PERS Valuation for the City's Safety Police Plan dated October 2014.
- (4) - 6.04% rate per employee is not explicit in the contract, however is calculated based on the Annual Required Contribution (ARC) amount calculated as of June 30, 2014 by Nyhart, an independent actuary for GASB 45 compliance, and documented in the City's CAFR.  
Existing net unfunded liability is 93.2% of covered payroll based on the June 2014 Nyhart report.
- (5) - Overtime amount is not explicit in the contract, however is estimated based on the proportional share of budgeted amounts.
- (6) - Payoff - Cash out is not explicit in the contract, however is estimated based on the proportional share of budgeted amounts.  
Amount could include payoff of accrued hours upon separation.
- (7) - Proposal includes provision for initial 9% salary increase and three annual cost of living adjustment equal to CPI (max 5%) if revenues (sales tax, property tax and TOT) increase each year.  
Assumes the revenues increase and CPI is 1.7% per year. Affects all pay categories that are a percent of base pay.
- (8) - Applies PERS forecasted rates (less the proposed 9% + 5% employee contribution) per the PERS October 2014 Valuation for the City's Safety Police Plan.



**COSTA MESA POLICE ASSOCIATION'S**  
**OPENING PROPOSAL FOR SUCCESSOR MEMORANDUM**  
**OF UNDERSTANDING (MOU) WITH THE CITY OF COSTA MESA**

October 30, 2014

1. Term: Four (4) years. July 1, 2014 through June 30, 2018

The CMPA is proposing a multi-year MOU to provide a long term, stable environment for future planning and well-being of the City's employees. The stability of a multi-year agreement will have the added benefit of greatly assisting in the recruitment and retention of police officers.

2. CalPERS retirement contributions and offset.

As a result of prior agreements, the CMPA elected to forego salary increases totaling nine percent (9%) in exchange for the City's commitment to pay the fixed Employee Contribution to CalPERS equal to nine percent (9%) of pensionable income. The CMPA proposes that its members assume the responsibility for paying the entire Employee Contribution in exchange for the nine percent (9%) in raises which they had foregone in the past. The City would essentially pay to the employee what it was previously paying to CalPERS, thereby relieving itself of that obligation.

- a. Employees to pay entire portion of Employee Contribution to CalPERS equal to nine percent (9%) of pensionable income.

(1) Effective first pay period after ratification by both parties.

- b. Nine percent (9%) across the board salary increase for all CMPA classifications.

(1) Effective first pay period after ratification by both parties.

3. CalPERS Cost Sharing.

As in the past, the CMPA has been a leader for pension reform. The CMPA provided relief to the City's coffers by agreeing to pay a portion of the City's pension obligation via "Cost Sharing" for a prescribed time period that ends in February 2015. The CMPA proposes continuing doing its part for pension reform by having its members continue to pay five percent (5%) of their pensionable income toward the City's Employer Contribution to CalPERS.

## CMPA OPENING PROPOSAL – 10/30/2014

(Continued)

**Together with the item #2, CMPA members will be paying fourteen percent (14%) of their pensionable income toward their pensions. At current rates, this would mean CMPA members are paying 27.7% of the total cost of their pensions.**

a. Employees to pay five-percent (5%) of pensionable income to CalPERS to go toward the Employer Contribution, via “Cost Sharing.”

- (1) Effective when the current Cost Sharing agreement ends in February, 2015 and will continue until the expiration date of the MOU.

#### 4. Cost of Living salary adjustments.

In order to remain competitive in recruiting and retaining qualified police officers and to allow for employees to keep up with inflation, the CMPA proposes the following salary adjustments:

a. If the “Big 3” revenues (Sales Tax, Property Tax, and Transient Occupancy Tax) increase in fiscal year 14/15 compared to fiscal year 13/14, then CMPA members will receive a Cost of Living adjustment of:

- (1) An amount equal to the increase of the Consumer Price Index (CPI\*), not to exceed five percent (5%).

*\*CPI = The change in the Department of Labor’s actual April Consumer Price Index, All Items (CPI-W) for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange Co. region for the period of April 2014 to April 2015*

- (2) Effective the pay period including June 30, 2015

b. If the “Big 3” revenues (Sales Tax, Property Tax, and Transient Occupancy Tax) increase in fiscal year 15/16 compared to fiscal year 14/15, then CMPA members will receive a Cost of Living adjustment of:

- (1) An amount equal to the increase in the Consumer Price Index (CPI\*), not to exceed five percent (5%).

*\*CPI = The change in the Department of Labor’s actual April Consumer Price Index, All Items (CPI-W) for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange Co. region for the period of April 2015 to April 2016*

- (2) Effective the pay period including June 30, 2016

## CMPA OPENING PROPOSAL – 10/30/2014

(Continued)

- c. If the “Big 3” revenues (Sales Tax, Property Tax, and Transient Occupancy Tax) increase in fiscal year 16/17 compared to fiscal year 15/16, then CMPA members will receive a Cost of Living adjustment of:

- (1) An amount equal to the increase in the Consumer Price Index (CPI\*), not to exceed five percent (5%).

*\*CPI = The change in the Department of Labor’s actual April Consumer Price Index, All Items (CPI-W) for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange Co. region for the period of April 2016 to April 2017*

- (2) Effective the pay period including June 30, 2017.

### 5. Retiree Health Savings Plan (RHSP).

The CMPA had in place a Plan to assist retirees with post-retirement health related expenses. In 2004, a Retiree Health Savings Plan (RHSP) was initiated. The City provided a cost matching benefit of one percent (1%) to accompany the employee contribution to the plan. In another effort to assist the City with its fiscal difficulties during the recession, the CMPA agreed to suspend this program in the 2010-2014 MOU. The CMPA proposes the RHSP be reinstated as an optional benefit to our members, without the City’s matching contribution.

This gesture by the CMPA would save the City an additional one percent (1%).

- a. Reinstatement of the RHSP for employees on a voluntary basis with no matching contributions from the City.

- (1) Effective as soon as practical after the ratification of the MOU by both parties.

### 6. Establishment of a new pay scale for CMPA members.

Historically, the City has required CMPA to bargain for Cost of Living Adjustments (COLAs) separately for Sergeants and Officers. This has caused, from time to time, unequal pay adjustments between the two classifications. The “compaction” of the salary schedules are such that an Officer now being promoted to Sergeant enters the Sergeants’ salary range between step 5 and step 6.

The CMPA proposes a fixed salary schedule from bottom step Police Officer to top step Sergeant. The steps would be converted to steps 1-7 for Officer, provide for the single step for Senior Officer category (5% above Officer step 7), and make steps 1-3 for Sergeant (with the new Sergeant step 1 at 10% above Senior Officer). In the future, COLAs will be applied to the entire range and therefore eliminate any future “compaction.”

**CMPA OPENING PROPOSAL – 10/30/2014**  
(Continued)

This proposal only eliminates compaction and does not change the current practice of progression through pay steps.

a. Establish a new salary schedule, as outlined above.

(1) Effective July 1, 2014.

7. Language clean up.

The CMPA would like to have a dialogue to remove outdated or irrelevant language carrying over from prior agreements. The discussion should include, but not be limited to references to ABLE, Flight FTOs, Corporal scheduling and the Physical Fitness Committee.

8. Continuation of language.

All language from the previous MOU will remain in full force and effect with the exception of the above mentioned items.

As the debate over cost of this proposed MOU begins, the CMPA would like to remind the City of the salary savings it has enjoyed since the dismantling of the Police Department began in 2010. Aside from the savings of the initial loss of approximately 30 sworn positions (162 in 2010 vs. 132 in 2014), we will simply address the salary savings currently enjoyed by the City. The City has 132 allocated sworn positions, yet the actual number of sworn officers is currently only 107. **The City is saving well over three million dollars (\$3,000,000) per year by not having those 25 positions filled.**

The CMPA looks forward to a constructive negotiations process which will produce a mutually agreeable compromise successor MOU, and eagerly awaits the City's response.