

COSTA MESA CITY EMPLOYEES ASSOCIATION

PROPOSAL NO. 2 TO CITY OF COSTA MESA

October 14, 2016

ARTICLE 2 – TERM OF AGREEMENT

4 year term (July 1, 2016 – June 30, 2020)

ARTICLE 3 – SALARIES AND WAGES

Year 1 – Beginning with the first full pay period starting after ratification by the City Council: 3.5% increase for all classifications subject to this MOU.

Year 2 – Beginning with the first full pay period starting in July, 2017: 3.5% increase for all classifications subject to this MOU.

Year 3 – Beginning with the first full pay period starting in July, 2018: 3.5% increase for all classifications subject to this MOU.

Year 4 – Beginning with the first full pay period starting in July, 2019: 3.5% increase for all classifications subject to this MOU.

ARTICLE 6 – RETIREMENT

Year 1 - Beginning with the first full pay period after ratification of this MOU by the City Council: 14% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPRAs tier) for all classifications subject to this MOU. (14% is total of statutory employee contribution and cost sharing).

Year 2 – Beginning with the first full pay period starting in July, 2017: 13% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPRAs tier) for all classifications subject to this MOU. (13% is total of statutory employee contribution and cost sharing).

Year 3 – Beginning with the first full pay period starting in July, 2018: 12% fixed employee contribution for all tiers (Tier 1, Tier 2 and PEPRAs tier) for all classifications subject to this MOU. (12% is total of statutory employee contribution and cost sharing).

ARTICLE 7 – HEALTH INSURANCE AND RETIREE MEDICAL BENEFIT PROGRAM

Section 7.3 – CONTRIBUTION AMOUNT

- Year 1 – Beginning with the first full pay period starting after ratification of this MOU by the City Council, the monthly contribution for all classifications subject to this MOU shall be increased from \$919 to \$1,100.
- Year 2 – Beginning with the first full pay period starting in July, 2017: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,200.
- Year 3 – Beginning with the first full pay period starting in July, 2018: the monthly contribution for all classifications subject to this MOU shall be increased to \$1,300.
- Year 4 – Beginning with the first full pay period starting in July, 2019: the month contribution for all classifications subject to this MOU shall be increased to \$1,400.

New section regarding Affordable Care Act (“ACA”) - add the following requirement to Article 7:

All employees must enroll in an available City health program unless they opt out. In order to opt out, an employee must provide the following: (1) proof that the employee and all individuals for whom the employee intends to claim a personal exemption deduction for the taxable year or years that begin or end in or with the City’s plan year to which the opt out applies (“tax family”), have or will have minimum essential coverage through another source (other than coverage in the individual market, whether or not obtained through Covered California) for the plan year to which the opt out arrangement applies (“opt out period”); and (2) the employee must sign an attestation that the employee and his/her tax family have or will have such minimum essential coverage for the opt out period. An employee must provide the attestation every plan year at open enrollment or within 30 days after the start of the plan year. The opt-out payment cannot be made and the City will not in fact make payment if the employer knows that the employee or tax family member doesn’t have such alternative coverage, or if the conditions in this paragraph are not otherwise satisfied.

New section: Reopener on ACA – add the following to Article 7:

The City may reopen negotiations on the issue of health insurance benefits or cafeteria plan (including, as to both, but not limited to, plan benefits or structure, City or employee contributions and/or opt out amount or requirements) in order to avoid penalties or taxes under the ACA that may result from an interpretation of the ACA by the Internal Revenue Service or other federal agency (including, but not limited to, a revenue ruling, regulation or other guidance) or a ruling by a court of competent jurisdiction.

Unless agreed to in this proposal, CMCEA rejects City's proposals.

Fiscal Impact Analysis for COIN Ordinance
 CMCEA Proposal 2 to City October 14, 2016
 Based on Fiscal Year 2016-17 Budgeted Costs

	Value of Pay/ Benefit	Existing Contract Budgeted FY 16-17 Cost to City	CMCEA Proposal 2 FY 16-17	CMCEA Proposal 2 FY 17-18	CMCEA Proposal 2 FY 18-19	CMCEA Proposal 2 FY 19-20	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary		\$17,167,521	\$17,467,952 (6)	18,079,331	18,712,107	19,367,031				
Pension / Retirement Benefits	2.5% @ 55 2.0% @ 60 2.0% @ 62	4,588,323 Included above Included above	4,934,210 (8) Included above Included above	5,389,391 Included above Included above	6,302,016 Included above Included above	7,069,724 Included above Included above	\$62,543,308 (4)	68,558,168 (9)	\$145,529,956 (4)	143,844,082 (9)
Cafeteria Plan Benefits	\$919/month	2,602,608	2,858,904 (7)	3,118,804	3,378,705	3,638,605				
Bilingual Pay	5.00%	139,974	142,423	147,408	152,567	157,907				
Bilingual Pay	2.50%	3,462	3,523	3,646	3,773	3,906				
Class A / B License Pay	\$700	4,200	4,200	4,200	4,200	4,200				
Emergency Med Dispatch Pay	5.00%	40,136	40,838	42,268	43,747	45,278				
Medicare	1.45%	248,105	252,446	261,282	270,427	279,892				
Shift Differential Pay	5.00%	19,589	19,931	20,629	21,351	22,098				
Shift Differential Pay	7.50%	73,747	75,038	77,664	80,382	83,195				
Shift Differential/AM Pay	10.00%	28,597	29,097	30,116	31,170	32,261				
Shorthand Pay	2.50%	4,896	4,982	5,157	5,337	5,524				
Uniform Pay		19,263	19,263	19,263	19,263	19,263				
Estimated Costs:										
Retiree Medical (1)		761,675	775,004	802,129	830,204	859,261	17,407,866 (5)	17,407,866		
Overtime (2)		325,359	331,053	342,640	354,632	367,044				
Excess Vacation Payoff / Cashouts (3)		148,177	150,770	156,047	161,509	167,162				
Total		\$26,175,630	\$27,109,635	\$28,499,974	\$30,371,390	\$32,122,350				
Change year-to-year:			934,005	1,390,339	1,871,416	1,750,960				
Total Number of Employees		236	236	236	236	236				

Council Member Acknowledgement:

Stephen Mensinger, Mayor

James Righelmer, Mayor Pro Tem

Sandra Benis, Council Member

Gary Monahan, Council Member

Karina Foley, Council Member

Notes:

- (1) - Prorated share based on ratio of total retiree medical budget to total regular salaries.
- (2) - Prorated share based on ratio of total overtime budget to total regular salaries.
- (3) - Prorated share based on ratio of total payouts budget to total regular salaries.
- (4) - Amounts from PERS Valuation for Miscellaneous Employees dated October 2015 prorated to this group.
- (5) - From the June 30, 2014 Nyhart report--
Unfunded amount is a proportional share of the current total unfunded liability amount of \$35.8 million.
- (6) - General wage increase of 3.5% per year (first year effective mid-year)
- (7) - Increase flexible benefit contribution from \$919/month to \$1,400/month by year four.
- (8) - Proposal is for employees of all three tiers to contribute 14% in year one declining to 12% by year three.
Retirement cost also reflects forecasted increase in CalPERS rates.
- (9) - Projected using the proportional increase from the PERS Valuation dated August 2016.
Projected unfunded liability may increase since proposed salary increase is greater than CalPERS assumptions.