

CITY OF COSTA MESA

PROPOSAL NO. 2 TO COSTA MESA CITY EMPLOYEES ASSOCIATION

January 19, 2017

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: 2.5% increase for all classifications subject to this MOU.

Year 2 – Beginning with the first full pay period starting in July, 2017: 2.5% increase for all classifications subject to this MOU.

Year 3 – Beginning with the first full pay period starting in July, 2018: 2.75% increase for all classifications subject to this MOU.

Year 4 – Beginning with the first full pay period starting in July, 2019: 2.75% 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 PEPRA 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 PEPRA 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 PEPRA tier) for all classifications subject to this MOU. (12% is total of statutory employee contribution and cost sharing).

Year 4 – No additional changes.

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,

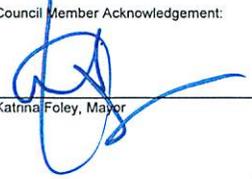
City or employee contributions and/or opt out amount or requirements) in order to avoid penalties or taxes under the ACA or other statutory scheme that may result from an interpretation of the ACA or other statutory scheme by the Internal Revenue Service or other federal agency (including, but not limited to, a revenue ruling, regulation or other guidance) or state agency, or a ruling by a court of competent jurisdiction.

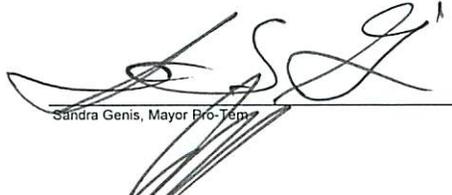
Unless agreed to in this proposal, the City rejects CMCEA's proposals.

Fiscal Impact Analysis for COIN Ordinance
 City Proposal 2 dated January 19, 2017
 Based on Fiscal Year 2016-17 Budgeted Costs

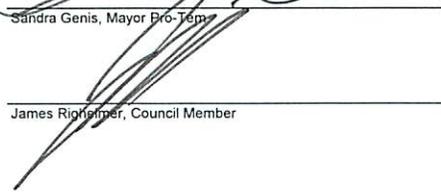
	Value of Pay/Benefit	Existing Contract Budgeted FY 16-17 Cost to City	CITY		CITY		Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
			Counter Proposal FY 16-17	Counter Proposal FY 17-18	Counter Proposal FY 18-19	Counter Proposal FY 19-20				
Base Salary		\$17,167,521	\$17,274,818 (6)	18,036,626	18,532,634	19,042,281				
Pension / Retirement Benefits	2.5% @ 55 2.0% @ 60 2.0% @ 62	4,588,323	4,745,710 (8)	5,236,759	6,097,884	6,803,608	\$62,543,308 (4)	68,558,168 (9)	\$145,529,956 (4)	143,844,082 (9)
Cafeteria Plan Benefits	\$919/month	2,602,608	2,730,756 (7)	3,398,400	3,681,600	3,964,800				
Bilingual Pay	5.00%	139,974	140,849	147,060	151,104	155,260				
Bilingual Pay	2.50%	3,462	3,484	3,637	3,737	3,840				
Class A / B License Pay	\$700	4,200	4,200	4,200	4,200	4,200				
Emergency Med Dispatch Pay	5.00%	40,136	40,387	42,168	43,327	44,519				
Medicare	1.45%	248,105	249,655	260,665	267,833	275,199				
Shift Differential Pay	5.00%	19,589	19,711	20,580	21,146	21,728				
Shift Differential Pay	7.50%	73,747	74,208	77,480	79,611	81,801				
Shift Differential/AM Pay	10.00%	28,597	28,776	30,045	30,871	31,720				
Shorthand Pay	2.50%	4,896	4,927	5,144	5,286	5,431				
Uniform Pay		19,263	19,263	19,263	19,263	19,263				
Estimated Costs:										
Retiree Medical (1)		761,675	766,435	800,235	822,241	844,853	17,407,866 (5)	17,407,866		
Overtime (2)		325,359	327,392	341,830	351,231	360,890				
Excess Vacation Payoff / Cashouts (3)		148,177	149,103	155,679	159,960	164,359				
Total		\$26,175,630	\$26,579,673	\$28,579,772	\$30,271,928	\$31,823,749				
Change year-to-year:			404,043	2,000,098	1,692,157	1,551,821				
Percentage change:			1.5%	7.5%	5.9%	5.1%				
Total Number of Employees		236	236	236	236	236				

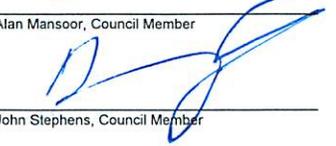
Council Member Acknowledgement:


 Katrina Foley, Mayor


 Sandra Genis, Mayor Pro-Tem


 Alan Mansoor, Council Member


 James Richter, Council Member


 John Stephens, 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 2.5% in April 2017; 2.5% July 2017; 2.75% July 2019 & 2019.
- (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.