

**Costa Mesa Division Managers Association/Confidential City Proposal
&
Proposed Executive Salary & Benefit changes
March 2017**

- **Salary Range Adjustment:** Salary Ranges will be adjusted between 1.53% to 15.88%.
- **Retirement:** Employees pay additional cost towards CalPERS upon adoption of the MOU:
 - Classic Tier 1 (2.5%@55 formula) members pay an additional 1.531% towards CalPERS from 10.469% to a total of 12%
 - Classic Tier 2 (2%@60 formula) members pay an additional 2% towards CalPERS from 8% to a total of 10%
 - PEPRA Tier 3 (2%@62 formula) members pay an additional 1.25% towards CalPERS for a total of 9%.
- **Vacation:** Reduce the vacation maximum cap from 424 hours to 320 hours and revise the procedure for vacation cash-outs as follows:
 1. Vacation Accrual Implementation and Ceiling- Effective six (6) months after adoption by the City Council, the accrual of vacation hours will be capped at the following maximum levels based upon an employee’s years of service as follows:

<u>Years of Service</u>	<u>Annual Accrual 40-Hour</u>	<u>Maximum Accrual 40-Hour</u>
1-2	92.0	184.0
3-4	116.0	232.0
5-9	140.0	280.0
10-14	164.0	320.0
15-19	188.0	320.0
20+	212.0	320.0

Once the maximum accrual is reached, the employee will stop accruing additional Vacation Leave. Annual vacation accruals will re-commence in the next pay period following the use of vacation leave which reduces the balance below the maximum allowed. It is the responsibility of the employee to manage accrued vacation time off to not exceed the cap or maximum amount allowed per the chart above.

Implementation of Vacation Accrual Ceiling – In order to provide a grace period in relation to the vacation accrual implementation and ceiling, at any time prior to the effective date of the new maximum accrual limitations set forth above, employees will have the option of a 1-time MOU implementation cash-out, at which time employees may elect a cash-out of accrued Vacation Leave down to a maximum accrual of 240 hours. Employees will not be required to use any Vacation Leave in order to elect this 1-time implementation cash-out.

Vacation Leave Cash-Outs – Each fiscal year, employees will have the following cash-out options: 1) One eighty (80) hour cash-out any time during the fiscal year, regardless of the employee’s maximum accrual and regardless of the employee’s Vacation Leave usage; and, 2) Up to four cash-outs per fiscal year, any time during the fiscal year (irrespective of quarter), based on a “2 for 1” usage ratio, up to a maximum of 80-hours for each cash out. For example, if an employee uses 10 hours of Vacation Leave, the employee could cash out up to 20 hours of Vacation Leave; in order for an employee to cash-out the maximum of 80-hours Vacation Leave, the employee would need to use 40 hours of Vacation Leave.

All employees who are at the Maximum Accrual Level or who may reach the Maximum Accrual Level shall utilize the “Cash-Out” and/or “Vacation Leave” options so as to NOT exceed the Vacation Accrual Ceiling. Other than exceptions granted based upon City and/or Departmental needs as approved by both the Department Director and the City Manager there will no other cash-out of Vacation Leave time beyond the Maximum Accrual rates that have been established.

- **Executive Leave:** Revise the current Executive Leave Administrative Regulation 2.19 as follows:

1. At the beginning of the payroll calendar year, the payroll system shall record forty (40) hours for each employee in a job classification on the Executive Salary Resolution and the Costa Mesa Division Managers Association (CMDMA).
2. Every management employee using Executive Leave shall record the number of hours used with the hours code on the Employee Time Sheet, "EXEC" code.
3. Prior to using Executive Leave, Department Directors must obtain approval from the City Manager. Division Managers must obtain approval from their Department Director.
4. Executives who are regularly assigned as staff support at City Council, Planning Commission and/or the Parks and Recreation Commission meetings may be annually granted additional Executive Leave up to 60 hours. The City Manager shall have the sole discretion to grant or deny the additional Executive Leave hours.

Or

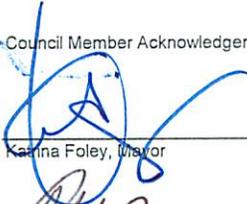
5. Executives who are involved in extraordinary long-term major projects or assignments may be granted additional Executive Leave up to 60 hours based upon a Department Director recommendation which includes documentation of additional hours worked. The City Manager has the sole discretion to grant or deny the additional Executive Leave hours.
6. At the end of the payroll year, any remaining hours will be carried over to the next payroll year (however, the subsequent year’s Executive Leave bank, may be replenished dependent upon the number of hours carried over).
7. There shall be no payoff in cash upon termination or retirement.

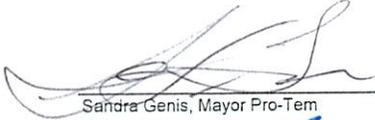
- **Technology Allowance:** Establish a technology allowance of \$75 per month for approved technology reimbursement.
- **Car Allowance:** Increase the car allowance from \$477 to \$575 per month for Executives.

Fiscal Impact Analysis for COIN Ordinance
 Manager Group
 Based on Fiscal Year 2016-17 Budgeted Costs

	Value of Pay/ Benefit	Budgeted FY 16-17 Cost to City	Proposal February 14, 2017 Option 2	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary		\$1,805,698	1,921,192				
Pension / Retirement Benefits	2.5% @ 55 and 3 other plans	603,815	618,357	\$6,999,128 (2)	7,672,242	\$16,286,040 (2)	16,097,376
Cafeteria Plan Benefits	\$21,504	301,056	301,056				
Bilingual Pay	5.00%	7,687	7,805				
Bilingual Pay	2.50%	0	0				
Class A / B License Pay	\$700	0	0				
Emergency Med Dispatch Pay	5.00%	0	0				
MediCare	1.45%	26,425	28,110				
Shift Differential/PM Pay	3.75%	0	0				
Shift Differential Pay	5.00%	0	0				
Shift Differential/AM Pay	10.00%	0	0				
Shorthand Pay	2.50%	0	0				
401A Plan	0.50%	9,028	9,606				
Technology Pay		0	12,600				
Estimated Costs:							
Retiree Medical (1)	6.04%	109,064	116,040	1,830,978			
Overtime		0	0				
Excess Accrual Payoff / Cashouts		28,319 (3)	29,995				
Total		\$2,891,092	\$3,044,760				
			\$ 153,667				
			5.3%				
Total Number of Employees		14	14				

Council Member Acknowledgement:


 Karina Foley, Mayor


 Sandra Genis, Mayor Pro-Tem


 Alan Mansoor, Council Member


 James Rieheimer, Council Member


 John Stephens, Council Member

Notes:

- (1) - 6.04% is a calculated rate per employee is based on the Annual Required Contribution amount calculated as of June 30, 2014 by Nyhart, an independent actuary for GASB 45 compliance. Existing net unfunded liability is 101.4% of covered payroll based on the June 2014 Nyhart report.
- (2) - Prorated using amounts from PERS Valuations for Miscellaneous Employees as of June 30, 2014 and June 30, 2015.
- (3) - Estimated based on FY 15-16 actual payouts out for this group.

Fiscal Impact Analysis
Executive Group
Based on Fiscal Year 2016-17 Budgeted Costs

	Value of Pay/ Benefit	Budgeted FY 16-17 Cost to City	Proposal February 14, 2017 Option 2	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary		\$1,681,854	1,817,093				
Pension / Retirement Benefits	2.5%@55 and 4 other plans	571,550	612,907	\$6,619,885 (2)	7,256,527	\$15,403,592 (2)	15,225,151
Cafeteria Plan Benefits	\$21,720	195,264	195,264				
Bilingual Pay	5.00%	0	0				
Bilingual Pay	2.50%	0	0				
Class A / B License Pay	\$700	0	0				
Emergency Med Dispatch Pay	5.00%	0	0				
MediCare	1.45%	24,509	26,480				
Professional Development	\$1,000						
Shift Differential/PM Pay	3.75%	0	0				
Shift Differential Pay	5.00%	0	0				
Shift Differential/AM Pay	10.00%	0	0				
Shorthand Pay	2.50%	0	0				
401A Plan	0.50%	8,409	9,085				
Executive Car Allowance	\$477/month	51,516	62,100				
Technology Allowance		0	8,100				
Estimated Costs:							
Retiree Medical (1)	6.04%	101,584	109,752	1,705,400			
Overtime		0	0				
Excess Accrual Payoff / Cashouts		26,512 (3)	29,473				
Total		\$2,661,198	\$ 2,870,254				
Increase/Decrease Percent			\$ 209,056 7.9%				
Total Number of Employees		9	9				

Notes:

- (1) - 6.04% is a calculated rate per employee is based on the Annual Required Contribution amount calculated as of June 30, 2014 by Nyhart, an independent actuary for GASB 45 compliance.
Existing net unfunded liability is 101.4% of covered payroll based on the June 2014 Nyhart report.
- (2) - Prorated using amounts from PERS Valuations for Miscellaneous Employees as of June 30, 2014 and June 30, 2015.
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