



**City of Costa Mesa
Proposal to CMFA
April 26, 2017**

Term

- 4 years (Upon adoption through June 30, 2021)

Salary & Retirement Contributions

Tier 1		
	Salary	PERS & Cost Sharing – per 20516(f) (Current 5%)
Pay period following the City Council approval of the MOU	3%	3%
January 1, 2018	3%	3%
July 1, 2018	3%	3%*
January 1, 2019	3%	

*Total PERS contribution would be 14% by July 1, 2018

Tier 2		
	Salary	PERS & Cost Sharing - per 20516 (f) (Current 9%)
Upon Adoption	3%	3%
January 1, 2018	3%	2%*
July 1, 2018	3%	
January 1, 2019	3%	

*Total PERS contribution would be 14% by July 1, 2018

Tier 3		
	Salary	PERS & Cost Sharing – per 201516(f) (Current 11.5%)
Upon Adoption	3%	1.25%
January 1, 2018	3%	1.25%
July 1, 2018	3%	
January 1, 2019	3%	

*Total PERS contribution would be 14% by July 1, 2018

Tuition Reimbursement

- Increase the tuition reimbursement amount per employee per year from \$1,250 to \$1,500 per year starting January 1, 2018.

Health Insurance Contribution

- Year 1 - \$1,400 (effective the month following the adoption of the MOU)
- Year 2 - \$1,600 (July 2018)
- Year 3 - \$1,700 (July 2019)
- Year 4 - \$1,800 (July 2020)

Sick and Vacation Leave FLSA

- Eliminate sick leave & vacation counting as hours worked (effective the payroll period following the City Council adoption of the MOU)

Staffing Levels/Work Schedule

- Clean up – staffing levels and work schedule – incorporate the language from the side letter as Appendix F: Fire Department Operations Restructuring.

Vacation Leave

- Reduce the vacation accrual cap from 526.4 hours to 448 hours
- For all members the accruals will be changed to the following:

Years of Service	Proposed Annual 56 hour Accrual	Proposed Max Accrual
0-2	112	224
3-6	168	336
7-12	196	392
13-14	224	448
15-19	252	448
20+	280	448

- **Cash Out Provisions Consistent with IRS Rules:** The IRS has ruled that if an employee has the ability to elect to cash out paid accrued leave and receive payment in the same year, all employees who have the ability to make that election have “constructively received” that payment up to the maximum amount which may be cashed out. That means that even if an employee does not make the election to cash out, he/she will be taxed on that amount as though he/she did indeed cash it out. To address this, employees can make the election in the current calendar year and the payment would be made in the following calendar year. Thus, employees will not be electing to cash out in the same year, but rather the following year.

Certification Program & Tiller Pay

- Remove the Tiller Pay side letter language from March 30, 2010.
- Remove 17.2 regarding Tiller Pay and add it to the certification program section in Article 22. Add the following to the chart:

Classification	Certification/Degree	Monthly Award
Firefighter	Tiller	0.75%

- The new certification/degree chart is below.

Classification	Certification/Degree	Monthly Award	
Firefighter	Investigator II	0.75%	
	Fire Engineer	Instructor II	0.75%
		Fire Captain	Instructor III
	Prevention Officer II/Fire Inspector I		0.75%
	Prevention Officer III/Fire Inspector II		0.75%
	Public Education Officer		0.75%
	Driver/Operator I (Fire Apparatus/Operator Pump – classes only)		0.75%
	Rescue Specialist (Rescue Systems I & II)	0.75%	
	Confined Space Operational Tech (Confined Space Operational Trench Shoring)	0.75%	
	Specialized Rescue Technician (Vehicle Extrication, Swift Water Operational Technician, Haz Mat First Responder, ICS-200)	0.75%	
	Firefighter II	\$70	
	Fire Officer Certification/Company Officer	1.75%	
	Chief Officer (Captains Only)/Chief Fire Officer	1.75%	
Firefighter	Tiller	0.75%	
All Classifications	60 units	\$120	
	120 units	\$180	
	180 units	\$180	
	AS/AA Degree	1.75%	
	BS/BA Degree	2.25%	
	MS/MA Degree	2.25%	

- The maximum monthly awards payable to any employee shall not exceed 7.5% of the top step base salary for the Fire Engineer classification (for employees who do not possess a degree) and 7.5% of the top step base salary for the Fire Captain classification (for employees that possess a degree).

Layoff Procedures

- If layoff procedures lead to the demotion of employees in rank, then the last employee promoted shall be the first employee demoted. If position in rank becomes reinstated after demotion(s), then the last demoted will be the first promoted.

Zipper Clause

- Eliminate the zipper clause from the MOU

All other proposals from the Association are rejected.

Fiscal Impact Analysis for COIN Ordinance
 Cost of Costa Mesa Fire Association (CMFA) Contract
 City Proposal April 18, 2017

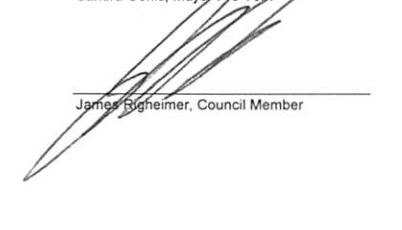
	Value of Pay/ Benefit	Existing Contract FY 16-17 Cost to City (1)	Estimated Cost FY 17-18 Cost to City	Estimated Cost FY 18-19 Cost to City	Estimated Cost FY 19-20 Cost to City	Estimated Cost FY 20-21 Cost to City	Existing Unfunded Liability	Projected Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary (2)	varies	\$7,172,219	\$7,498,196	\$7,954,837	\$8,193,482	\$8,439,286				
Pension / Retirement Benefits (8)	3% @ 50 2% @ 50 2.7% @ 57	5,058,625 Included above Included above	5,468,813 Included above Included above	5,871,147 Included above Included above	6,541,848 Included above Included above	6,993,017 Included above Included above	29,070,888 (3)	29,070,888 (10)	112,404,728 (3)	112,404,728
Pension Fire Side Fund Balance							22,212,863 (3)	21,361,519	N/A	N/A
Cafeteria Plan Benefits	\$6,672	516,720	1,179,096 (9)	1,525,116	1,871,136	1,871,136				
Bilingual Pay	5.00%	108,651	113,590	120,507	124,122	127,846				
Bilingual Pay	2.50%	17,285	18,070	19,171	19,746	20,338				
Licenses & CERT Program		472,219	605,492	642,367	661,638	681,487				
Paramedic Assignment Pay	\$500	20,157	20,777	21,647	22,101	22,569				
Holiday Allowance		287,081	300,129	318,407	327,959	337,798				
Longevity Pay		2,268	2,268	2,268	2,268	2,268				
Fire Administration Pay	10.00%	11,408	11,927	12,653	13,033	13,424				
Fire Investigation Assignment Pay	varies	0	0	0	0	0				
Estimated Costs:										
Medicare	1.45%	117,747	123,098	130,595	134,513	138,548				
Retiree Medical (4)	6.04%	433,202	452,891	480,472	494,886	509,733	7,272,630	7,272,630	0	0
Overtime (5)		2,046,097	2,049,092	2,173,882	2,239,099	2,306,272				
Excess Accrual Payoff / Cash outs (6)		34,555	36,126	38,326	39,475	40,660				
Total		\$16,298,234	\$17,879,566	\$19,311,394	\$20,685,305	\$21,504,382				
Difference			\$1,581,332	\$1,431,827	\$1,373,912	\$819,076				
Percent Change			9.7%	8.0%	7.1%	4.0%				
Total Number of Employees (7)		73	73	73	73	73				

Council Member Acknowledgement:


 Kalina Foley, Mayor


 Sandra Genis, Mayor Pro Tem


 Alan Mansoor, Council Member


 James Bigheimer, Council Member


 John Stephens, Council Member

- (1) - Cost of Contract per item based on FY 2016-17 Adopted Budget.
- (2) - Proposed wage increase of 3% every six months for the first two years; 3% per year for years three and four.
- (3) - Amounts from PERS Valuation for the City's Fire Plan as of June 30, 2014.
 Fire Side Fund balance per CalPERS Valuation as of June 30, 2015, page 8.
- (4) - 6.04% 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, 2014 by Nyhart, an independent actuary for GASB 45 compliance, and documented in the City's CAFR.
 Existing unfunded liability is 101.4% of covered payroll per the 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) - Number of employees increased by 6 as approved by Council on January 3, 2017.
- (8) - Proposes Tier 1 employee paid share (currently 5%) increase by 3%, 3% and 3% for a total of 14% by July 1, 2018.
 For simplicity, assumes all employees are Tier 1.
- (9) - Health insurance monthly City contribution increases from current \$556 to \$1,345 in year 1 increasing to \$2,136 by year 4.
- (10) - Unfunded liability could increase by an unknown amount due to salary increases above the CalPERS assumed 3% per year.