

CMFA PROPOSAL TO THE CITY SEPTEMBER 5, 2017

1) Our proposal (which has been accepted by the Association) is that sick leave and vacation do not count as hours worked for purposes of receiving overtime from the City. Eliminating leave as counting as hours worked will cause many additional (overtime) shifts to be paid at straight time because firefighters use a lot of leave. For example, if a firefighter is scheduled to work nine (9) shifts in a 28 day work period (very typical) and takes off one day of sick leave during that 28 day period and then works an overtime shift, 20 hours of that overtime shift will be paid at straight time, not overtime. The reason is that in 9 shifts there are 216 hours (9x24), and the overtime threshold under FLSA is 212 for a 28 day FLSA work period. The first 20 hours of the overtime shift will still keep the employee below the FLSA overtime threshold.

2) The Association is fine with # 1 above with the following caveat: there are two types of overtime in the fire service a) overtime where the employee agrees to work the shift; and 2) overtime where the employee is forced to work it, aka as force hire. Being force hired is one of the worst parts of being a firefighter because it interrupts plans and life which has been scheduled. While it is the nature of the fire service, it still does not change the frustration that often goes along with it.

3) As a result of the disruption of force hires and given that per paragraph # 1 above there will be a lot of additional (overtime) shifts which will not cause the employee to go over the overtime threshold per the FLSA (because use of leave combined with additional shifts keeps the employee below the FLSA overtime threshold) the association wants to get paid time and one half for being force hired regardless of whether the FLSA overtime threshold is triggered. However, since we have stated that giving that to them will cause them to only be force hired they have come up with a compromise solution. Every three months there will be a look back of all of the overtime worked in the department

- a. If, in looking at the number of overtime shifts worked, more than 25% of those shifts were force hire shifts, for the next three months following the look back, the City will use just the overtime threshold under FLSA and force hire shifts only will receive overtime if they cause the employee to go over the FLSA overtime threshold.
- b. However, if, in looking at the number of overtime shifts worked, 25% or less of those shifts were force hire shifts, for the next three months following the look back, all force hire shifts will be paid at time and one half regardless of whether the hours worked caused the employees to go over the FLSA overtime threshold.

They are limiting the City's liability by limiting it to 25% because if force hires exceed 25% for the next three months the City would not have to pay overtime unless the employee exceed the FLSA overtime threshold.

Fiscal Impact Analysis for COIN Ordinance
 Cost of Costa Mesa Fire Association (CMFA) Contract
 City Proposal to CMFA August 1, 2017
 Including Flores case impact on overtime (\$1,060 max. monthly health benefit cash out)

	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	\$8,072,396	\$8,072,396				
Pension / Retirement Benefits (8) (11)	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	6,445,237 Included above Included above	6,689,207 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	1,856,244 (9)	1,856,244	1,856,244	1,856,244				
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	651,860	651,860				
Paramedic Assignment Pay	\$500	20,157	20,777	21,647	21,871	21,871				
Holiday Allowance		287,081	300,129	318,407	323,113	323,113				
Longevity Pay		2,268	2,268	2,268	2,268	2,268				
Fire Administration Pay	10.00%	11,408	11,927	12,653	12,840	12,840				
Fire Investigation Assignment Pay	varies	0	0	0	0	0				
Tuition Reimbursement increase \$1,250 to \$1,500/yr			18,250	18,250	18,250	18,250				
Estimated Costs:										
Medicare	1.45%	117,747	123,098	130,595	132,525	132,525				
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	2,071,592	2,197,752	2,230,279	2,230,279				
OT impact of Flores case (\$1,060 max cash out)			538,355	538,355	538,355	538,355				
Excess Accrual Payoff / Cash outs (6)		34,555	36,126	38,326	39,475	40,660				
Total		\$16,298,234	\$19,135,819	\$20,222,997	\$20,983,467	\$21,247,784				
Difference			\$2,837,585	\$1,087,178	\$760,470	\$264,317				
Four year increase:						\$4,949,550				
Percent Change			17.4%	5.7%	3.8%	1.3%				
Total Number of Employees (7)		73	73	73	73	73				

Council Member Acknowledgement:


 Katrina Foley, Mayor


 Sandra Genis, Mayor Pro Tem


 Alan Mansoor, Council Member


 James Righelmer, 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 through January 1, 2019.
- (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. **Overtime is reduced by 75% of the estimated forced overtime adjustment.**
- (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 \$2,119 with \$1,060 max cash out.
- (10) - Unfunded liability could increase by an unknown amount due to salary increases above the CalPERS assumed 3% per year.
- (11) - Note: On January 19, 2017 CalPERS announced a three-year phase in plan to reduce the discount rate from 7.5% to 7.0% beginning FY 18-19. Based on the midpoint of the impact range provided by CalPERS, the possible impact could be an additional annual retirement cost for this group of \$1,130,747 by FY 20-21; \$1,940,535 by FY 22-23.