

**SIDE LETTER OF AGREEMENT****CITY OF COSTA****AND****THE COSTA MESA POLICE MANAGEMENT ASSOCIATION**

This Side Letter of Agreement (Agreement) between the City of Costa Mesa (City) and the Costa Mesa Police Management Association (Association) (collectively “Parties”) is entered into with respect to the following:

**WHEREAS**, the Parties are currently parties to a Memorandum of Understanding (MOU) with a term that expired on June 30, 2020, but was extended by a side letter (Attached hereto as Exhibit A) to expire on June 30, 2024; and

**WHEREAS**, the side letter in Section 3.2 gave the Association the option to reopen negotiations for the purpose of increasing pay and benefits and the Association exercised that option; and

**WHEREAS**, the Parties have negotiated modifications to wages and benefits that modify the provisions of their MOU and wish to memorialize those changes in this Agreement;

**WHEREAS**, the following memorializes the parties’ agreement.

The Parties agree to the following modifications to their MOU effective (except as otherwise provided below) upon City Council approval of this Agreement on March 7, 2023 as reflected by the track changes to each of the articles below.

**ARTICLE 2 - TERM OF AGREEMENT**

2.1 The term of this MOU will commence on July 1, 2018, and will expire on June 30, 2024<sup>45</sup>.

**ARTICLE 3 - BASIC SALARIES AND WAGES**

3.2 The City will adjust the monthly base salary for members of the Association as follows:

- Effective the pay period that includes January 1, 2023, employees shall receive a two percent (2.0%) base salary increase for all classifications subject to this MOU.
- Effective in the pay period which includes July 1, 2023, employees shall receive a three percent (3.0%) base salary increase. In addition, the Association has the option to reopen negotiations for the purpose of increasing pay and benefits. If the Association elects to exercise this option, it must notify the City no later than April 1, 2023. Any changes to the MOU must be by mutual agreement of the parties.
- Effective the pay period that includes July 1, 2023, employees shall receive an additional two percent (2.0%) base salary increase for all classifications subject to this MOU. This two percent (2.0%) is in addition to but will not be compounded on the three percent (3.0%) which the parties previously (in 2020) agreed would be provided effective the pay period that includes July 1, 2023.
- Effective the first full pay period beginning after July 1, 2024, employees shall receive a four and one quarter percent (4.25%) base salary increase for all classifications subject to this MOU.

The parties agree that the reopener provisions addressed above (originally contained in the July 2020 Side Letter) have been satisfied and there are no further reopeners through the end of the term of this MOU on June 30, 2025.

### 3.32 RECRUITMENT AND RETENTION INCENTIVE PAY

Recruitment and Retention Incentive Pay is compensation to incentivize Police Department sworn employees to remain with the City of Costa Mesa.

Effective the pay period including the pay date of January 6, 2023, employees in this bargaining unit who have been employed in a full-time sworn law enforcement position (as defined by California Penal Code sections 830.1, 830.2, 830.32 and 830.33 or the out-of-state equivalent as determined by the Chief of Police) for twenty-five (25) years or more (with a maximum of 10 years in such a position outside of the City of Costa Mesa) shall receive recruitment and retention incentive pay of ten percent (10%).

Effective the first full pay period beginning after July 1, 2024, employees in this bargaining unit who have been employed in a full-time sworn law enforcement position (as defined by California Penal Code sections 830.1, 830.2, 830.32 and 830.33 or the out-of-state equivalent as determined by the Chief of Police) for twenty (20) years or more (with a maximum of 10 years in such a position outside of the City of Costa Mesa shall receive recruitment and retention incentive pay of seven and one-half percent (7.5%).

Effective the first full pay period beginning after July 1, 2024, employees in this bargaining unit who have been employed in a full-time sworn law enforcement position (as defined by California Penal Code sections 830.1, 830.2, 830.32 and 830.33 or the out-of-state equivalent as determined by the Chief of Police) in a full-time sworn law enforcement position with the City of Costa Mesa for fifteen (15) years or more (with a maximum of 10 years in such a position outside of the City of Costa Mesa) shall receive recruitment and retention incentive pay of five percent (5%).

Effective the pay period including the pay date of January 3, 2025, employees in this bargaining unit who have been employed ) in a full-time sworn law enforcement position (as defined by California Penal Code sections 830.1, 830.2, 830.32 and 830.33 or the out-of-state equivalent as determined by the Chief of Police) in a full-time sworn law enforcement position with the City of Costa Mesa for ten (10) years or more (with a maximum of 10 years in such a position outside of the City of Costa Mesa shall receive recruitment and retention incentive pay of two and one-half percent (2.5%).

Other civilian service will not count towards full-time sworn law enforcement service for this purpose.

The above recruitment and retention incentive pays are not cumulative. Once an employee becomes eligible for the next level of recruitment and retention incentive pay, they shall qualify for that level and no longer receive the prior level of pay (e.g. the maximum total incentive pay an employee can receive is a total of 10% for 25 or more years of sworn law enforcement service).

The parties agree, to the extent permitted by law, the compensation in this section is special compensation and shall be reported as such pursuant to Title 2 California Code of Regulations, Section 571 and 571.1.

### ARTICLE 5 - RETIREMENT

5.1 **CALPERS** - The City contracts with CalPERS for retirement benefits.

A. Employees Who Are Not “New Members” as Defined by Government Code Section 7522.04(f) – i.e., “Classic Members”

4. Cost Sharing: Classic member employees subject to the 3% @50 formula pay an additional five percent (5%) of compensation earnable as cost sharing into their employee account with CalPERS in accordance with Government Code section 20516(a).

Effective the pay period that includes July 1, 2023, for Classic member employees subject to the 3% @50 formula, cost sharing per Government Code section 20516(a) will be reduced by one and one quarter percent (1.25%) for a net contribution of three and three quarters' percent (3.75%) per Government Code section 20516(a). When this three and three quarters' percent (3.75%) is added to the employees' payment of nine percent (9%) towards their member contribution, employees shall pay twelve and three quarters' percent (12.75%) compensation earnable towards their pension.

B. For "New Member" Employees

3. Payment of Employee/Member Contribution: New member employees are responsible for paying the employee contribution of one-half of the total normal cost of the plan, as defined by CalPERS, through a payroll deduction. This amount will be determined by CalPERS in the future.

Effective the pay period that includes July 1, 2023, for new member employees subject to the 2.7% @57 formula, if one-half of the CalPERS' annual normal cost rate goes below 12.75% (and it is rounded by CalPERS to the nearest one-quarter of a percent), new member employees subject to the 2.7% @57 formula shall pay the difference between the one-half of the total normal cost rate and twelve and three-quarters percent (12.75%) of compensation earnable as cost sharing pursuant to Government Code section 20516(f).

Effective the pay period that includes July 1, 2023, for new member employees subject to the 2.7% @57 formula, if one-half of the CalPERS' annual normal cost rate exceeds 12.75% (and it is rounded by CalPERS to the nearest one-quarter of a percent), the City will contribute the amount above 12.75% to the deferred compensation account (per IRS Code section 457(b)) of each new member.

**ARTICLE 13 – SPECIALTY ASSIGNMENT PAY**

13.2 **UNIFORM ASSIGNMENT PAY** – Employees in the classification of Police Lieutenant and Police Captain who are regularly assigned to uniform automobile/motorcycle patrol, ~~or~~ traffic enforcement, investigations, Professional Standards or Administration shall receive ~~uniform-special~~ assignment pay (2.5% of base salary). Employees assigned to ~~patrol or traffic enforcement~~ the above assignments for less than 14 consecutive days shall not be eligible for ~~Uniform-Special~~ Assignment Pay.

REPRESENTATIVES OF THE COSTA MESA  
POLICE MANAGEMENT ASSOCIATION

REPRESENTATIVES OF THE  
CITY OF COSTA MESA

\_\_\_\_\_  
EDWIN B. EVERETT  
CMPMA President

\_\_\_\_\_  
LORI ANN FARRELL HARRISON  
City Manager

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JOYCELYN D. LAPOINTE  
CMPMA Negotiations Team Member

\_\_\_\_\_  
ALMA L. REYES  
Assistant to the City Manager

\_\_\_\_\_  
DAVID U. CASAREZ  
CMPMA Negotiations Team Member

\_\_\_\_\_  
CAROL L. MOLINA  
Finance Director

\_\_\_\_\_  
KASAMA LEE  
Human Resources Manager

# SIDE LETTER OF AGREEMENT

CITY OF COSTA

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THE COSTA MESA POLICE MANAGEMENT ASSOCIATION

This Side Letter of Agreement (Agreement) between the City of Costa Mesa (City) and the Costa Mesa Police Management Association (Association) (collectively "Parties") is entered into with respect to the following:

**WHEREAS**, the Parties are currently parties to a Memorandum of Understanding (MOU) with a term that expires on June 30, 2022; and

**WHEREAS**, as a result of the impacts of COVID-19 on the City, the Parties have met and conferred for the purpose of achieving cost savings. This has resulted in the Parties agreeing to some modifications to their MOU including a two-year extension of the term of the MOU; and

**WHEREAS**, the following memorializes the parties' agreement.

The Parties agree to the following modifications to their MOU effective the pay period including July 1, 2020 (i.e., June 21, 2020), as reflected by the track changes to each of the articles below.

## ARTICLE 1 - RECOGNITION/PREAMBLE

1.8 During the term of this MOU, the parties agree either side can propose MOU language to clean up provisions which are either outdated or in need of modification. Any language changes must be mutually agreeable.

## ARTICLE 2 - TERM OF AGREEMENT

2.1 The term of this MOU will commence on July 1, 2018, and will expire on June 30, 2024~~2~~.

## ARTICLE 3 - BASIC SALARIES AND WAGES

3.2 The City will adjust the monthly base salary for members of the Association as follows:

- Effective in the pay period which includes January 1, 2019, employees shall receive a three percent (3.0 %) base salary increase.
- Effective in the pay period which includes July 1, 2019, employees shall receive a three percent (3.0%) base salary increase.
- Effective in the pay period which includes July 1, 2020, employees shall receive a three percent (3.0%) base salary increase.
- Effective in the pay period which includes July 1, 2021, employees shall receive a three percent (3.0%) base salary increase.

- o Effective in the pay period which includes July 1, 2023, employees shall receive a three percent (3.0%) base salary increase. In addition, the Association has the option to reopen negotiations for the purpose of increasing pay and benefits. If the Association elects to exercise this option, it must notify the City no later than April 1, 2023. Any changes to the MOU must be by mutual agreement of the parties.

### 3.3 FURLOUGHS

- Each member of the Association is required to take a total of 104 hours of unpaid furlough during the twenty-six (26) consecutive pay periods between June 21, 2020 and June 19, 2021. The manner and method by which the furlough or other equivalent reduction will be accomplished will be subject to a mutual agreement of the parties.
- If the City receives financial relief from the County of Orange, State of California, or the Federal Government for any issues related to the impact of COVID-19 in excess of \$40.5 million for Fiscal Year 2020/2021, each member of the Association will receive a one-time bonus equivalent to furlough hours already taken (base rate including incentive pay x furlough hours).

## ARTICLE 6 - RETIREE MEDICAL & 401 (a) DEFERRED COMPENSATION PLAN

6.1 **RETIREE MEDICAL** -. The Defined Contribution Retirement Health Savings Plan (Plan) went into effect on January 1, 2004 and payments made by the City were suspended in 2010. The purpose of the Plan was to establish a tax protected savings program for every full-time employee that:

- Provided a retiree medical benefit for employees who were hired after January 1, 2004 who will not be eligible for the health insurance contribution under the Council Policy 300-1.
- Provided a supplemental benefit to the City contribution under Council Policy 300-1 for employees hired before January 1, 2004.

~~The program requires mandatory participation by all full-time employees. Effective the pay period which includes January 1, 2021, employees will resume a 1% monthly employee contribution to the plan equal to 1% of their base salary. Effective the pay period which includes July 1, 2022, the City will match the 1% monthly contribution into the employees' accounts. However, in 2010, payments by both the City and employees were permanently suspended. Up until 2010, employees made a monthly contribution to the plan equal to 1% of their base monthly salary, which was matched by a 1% salary monthly contribution from the City into employees' accounts. The account assets that which accumulated, plus investment earnings, will be used in retirement to pay health insurance premiums and other eligible out-of-pocket medical expenses such as deductibles, co-payments, vision care or dental care. The previously made eEmployee contributions plus vested employer contributions are portable if an employee should leave employment with Costa Mesa prior to retirement. However, since 2010, no additional funds (either City funds or employee funds) were added to the plan and the funds are currently earning interest and will be available to employees at retirement.~~

For all employees in the unit, the City will pay the CalPERS statutory minimum for each member of the bargaining unit for retiree medical benefits.

**ARTICLE 18 – LAYOFF PROCEDURES**

18.2 During fiscal year 2020-21, the City agrees that employees covered by this memorandum of understanding cannot be subject to layoff from City employment or demoted as result restructuring or realignment for financial reasons.

REPRESENTATIVES OF THE COSTA MESA  
POLICE MANAGEMENT ASSOCIATION



EDWIN EVERETT  
CMPMA President



JERRY HILDEMAN  
CMPMA Negotiations Team Member



JOYCE LAPOINTE  
CMPMA Negotiations Team Member

REPRESENTATIVES OF THE CITY OF  
COSTA MESA



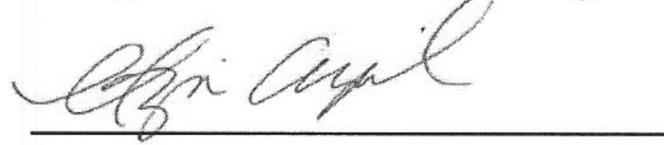
LORI ANN FARRELL HARRISON  
City Manager



SUSAN PRICE  
Assistant City Manager



KASAMA LEE  
Acting Human Resources Manager



ITZIA CARVAJAL  
Acting Human Resources Administrator