

**SIDE LETTER OF AGREEMENT**

**CITY OF COSTA**

**AND**

**THE COSTA MESA FIREFIGHTERS ASSOCIATION**

This Side Letter of Agreement (Agreement) between the City of Costa Mesa (City) and the Costa Mesa Firefighters 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, 2021, 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 3.4 provided that if any other bargaining unit in the City receives (through the labor negotiations process) an across-the-board net base salary or certification/specialty/incentive pay increase in excess of 2% (the value of the 14-day FLSA work period) that goes into effect on any date between July 1, 2022 and June 30, 2024, employees in the CMFA will receive an increase in the amount above two percent (2%) on the same effective date as the other association; and

**WHEREAS**, based on the side letter and increases provided to other bargaining units; 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 3 - BASIC SALARIES AND WAGES**

3.2 **SALARY ADJUSTMENTS** - Salary adjustments for each classification will be implemented as follows:

- Increase of 2% inclusive of the pay period of January 1, 2023
- Increase of 5% inclusive of the pay period of July 1, 2023

**3.4 RECRUITMENT AND RETENTION INCENTIVE PAY**

Recruitment and Retention Incentive Pay is compensation to incentivize Fire 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 classification that is represented by this bargaining unit (i.e. Firefighter, Fire Engineer and Fire Captain) in a municipal, state or federal fire department or other agency (as determined by the Fire Chief) 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%).

Service in any classification other than Firefighter, Fire Engineer and Fire Captain will not count towards for this purpose.

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 6 - RETIREMENT

### 6.1 A 4. Cost Sharing:

- a. Employees in tier 1 subject to the 3%@50 formula pay an additional five percent for cost sharing into their employee account with PERS 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.

- a.b. Employees in tier 2 subject to the 2%@50 formula pay additional retirement contributions into their employee account with PERS as cost sharing as follows:

- i. Effective at the beginning of the pay period following City Council approval of this MOU, these employees will pay three percent (3%) compensation earnable as cost sharing in accordance with Government Code section 20516(a).
- ii. Effective at the beginning of the pay period which includes January 1, 2018, these employees will pay two percent (2%) compensation earnable as cost sharing in accordance with Government Code section 20516(a).

Effective the pay period that includes July 1, 2023, for Classic member employees subject to the 2%@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.

### 6.1 B 4. Cost Sharing:

- a. Employees who are defined as "New Members" by the PEPRA and who subject to the 2.7%@57 formula pay additional retirement contributions as cost sharing as follows:

- i. Effective at the beginning of the pay period following City Council approval of this MOU, these employees will pay one and one quarter percent (1.25%) compensation earnable as cost sharing in accordance with Government Code section 20516(f).
- ii. Effective at the beginning of the pay period which includes January 1, 2018, these employees will pay an additional one and one quarter percent (1.25%) for a total of two and one half percent (2.50%) compensation earnable as cost sharing in accordance with Government Code section 20516(f).

b. Notwithstanding subparagraph 4(a) above, subsequent to January 1, 2018, the cost share payment for PEPRA employees will fluctuate if the normal cost rate changes. If the half the normal cost rate reduces below 11.50%, the cost share (per Government Code section 20516(f)) will go up so that when combined with the half the normal cost rate, the employee is paying a total of 14% for retirement. If the half the normal cost rate increases above 11.50%, the cost share (per Government Code section 20516(f)) will go down so that when combined with the half the normal cost rate, the employee is paying a total of 14% for retirement. If the half the normal cost rate goes above 14%, there will be no cost share payment due from the PEPRA new member (Tier 3) employees. Rather, the employee will just pay the applicable half the normal cost rate as determined by CalPERS.

c. 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).

d. 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.

REPRESENTATIVES OF THE COSTA MESA  
FIREFIGHTERS ASSOCIATION

REPRESENTATIVES OF THE CITY OF  
COSTA MESA

\_\_\_\_\_  
STEVEN CATHEY  
CMFA President

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

\_\_\_\_\_  
CMFA Negotiations Team Member

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

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CMFA Negotiations Team Member

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

\_\_\_\_\_  
CMFA Negotiations Team Member

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

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This Side Letter of Agreement (Agreement) between the City of Costa Mesa (City) and the Costa Mesa Firefighters 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, 2021; 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 three-year extension of the term of the MOU; and

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

1. 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

1.11 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 **TERM** - The MOU will commence upon adoption by the City Council in 2017, and will expire on June 30, 2024.

## ARTICLE 3 - BASIC SALARIES AND WAGES

### 3.4 POTENTIAL INCREASE(S) DURING FISCAL YEARS 2022-23 and 2023-2024 -

If any other bargaining unit in the City receives (through the labor negotiations process) an across-the-board net base salary or certification/specialty/incentive pay, or Retiree Health Savings increase in excess of 2% (the value of the 14-day FLSA work period) that goes into effect on any date between July 1, 2022 and June 30, 2024, employees in the CMFA will receive an increase in the amount above two percent (2%) on the same effective date as the other association. For example, if another association receives an increase in salary or certification/specialty/incentive pay increase equal to three percent (3%), the amount above two percent (2%) will be provided to the Association. For further clarification, if another association receives a 2% increase 7/1/2022 and then receives a second 2% increase 7/1/2023 then the CMFA would likewise receive a 2% increase on 7/1/2023 because the combined total increase for the other association is 4% making a 2% difference above the cost of the 14 day cycle.

## **ARTICLE 5 - HEALTH INSURANCE**

**5.3 CONTRIBUTION AMOUNT** - The City's contribution towards each employee's flexible benefit account is as follows: Effective on the first day of the month following City Council approval of this MOU – two thousand one hundred and nineteen dollars (\$2,119.00) per month (\$978.00 per pay period). This amount is inclusive of the CalPERS statutory minimum amount for each year.

Effective with the pay period beginning on July 19, 2020 and ending twenty-four (24) pay periods later (the pay period that ends on June 19, 2021), the City's contribution to the flexible benefit plan bucket is reduced as follows:

- For the classification of Firefighter, the City's annual contribution is reduced by \$3,960.00 = \$165.00 per pay period
- For the classification of Fire Engineer, the City's annual contribution is reduced by \$4,573.20 = \$190.55 per pay period
- For the classification of Fire Captain, the City's annual contribution is reduced by \$5,282.40 = \$220.10 per pay period

With the pay period beginning on June 20, 2021 the City's contribution is restored to nine hundred and seventy eight dollars (\$978.00) per pay period.

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 payment equivalent to the amount of the flexible bucket reduction already taken. If this occurs in the middle the fiscal year, the flexible benefit reduction above will stop in the next pay period.

## **ARTICLE 10 - LEAVE REPLACEMENT AND OVERTIME PAY**

**10.1 FLSA WORK PERIOD** - The parties acknowledge and agree to document that the City has adopted a work period pursuant to 29 U.S.C. section 207(k) and 29 C.F.R. section 553.230(a) for CMFA members and that the work period is 28 days. Members will not be entitled to overtime under the Fair Labor Standards Act until they have worked more than 212 hours in this work period. Firefighters on light duty are not subject to this work period. Effective June 19, 2022, the work period is changed to a fourteen (14) day FLSA work period where members are entitled to overtime under the Fair Labor Standards Act when they have worked more than 106 hours in this work period.

## **ARTICLE 24 – LAYOFF PROCEDURES**

24.2 During fiscal year 2020-21, the City agrees that employees covered by this memorandum of understanding cannot be subject to layoff from City employment.

REPRESENTATIVES OF THE COSTA MESA  
FIREFIGHTERS ASSOCIATION



SCOTT PURCELL  
CMFA President



STEVE AIREY  
CMFA Negotiations Team Member



DARREN DEFLUITER  
CMFA Negotiations Team Member



MICHAEL HURD  
CMFA Negotiations Team Member



STEVE SAVAGE  
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BRENT TURNER  
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REPRESENTATIVES OF THE CITY OF  
COSTA MESA



LORI ANN FARRELL HARRISON  
City Manager



SUSAN PRICE  
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KASAMA LEE  
Acting Human Resources Manager



ITZIA CARVAJAL  
Acting Human Resources Administrator