



## Transparency in Labor Negotiations (TIN) Analysis Certification

***City of Costa Mesa Policy 300-8 Section 2 of Practices and Procedures states:***

### Section 2 Economic Analysis

- a. The Finance Director shall prepare an economic analysis on the fiscal impacts of each term and condition of employment made available to the members of all recognized employee organizations. The economic analysis must be verified by an independent auditor.
- b. The economic analysis shall be updated with each proposal and counterproposal presented throughout the negotiation process and posted on the website along with all proposals and counter proposals.
- c. The economic analysis shall be prepared in the format shown on Attachment A and shall include written council member acknowledgement that the analysis has been reviewed by the council member.

### ***Certification:***

In accordance with this section, Lance, Soll & Lunghard, LLP, an independent auditor, has reviewed the **Costa Mesa Proposal #8 for Fiscal Year 2022-23 to the City of Costa Mesa Employees Association (CMCEA) for Fiscal Year 2022-23 dated October 17, 2022** and the related study of supplemental data prepared by the City and believe that they accurately reflect the fiscal impacts of the proposal.

Bryan Gruber, CPA  
Partner, Lance, Soll & Lunghard, LLP

A handwritten signature in blue ink, appearing to read 'BGruber', is written over a horizontal line.

**Fiscal Impact Analysis for Compliance with City Council Policy 300-8 - Transparency in Labor Negotiations**  
**Cost of Costa Mesa City Employees Association (CMCEA) Contract**  
**Based on Fiscal Year 2022-23 Projected Costs: City to CMCEA Proposal #8**

|  |                   | CMCEA   | 1.00%                    | 1.00%                    | 2.00%                    | 3.00%                    | 3.00%                    |                             |                     |
|--|-------------------|---|--------------------------|--------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|---------------------|
|  | Value of          | Projected   | Value of 1%              | City Proposal            |                          | City Proposal            |                          | Existing                    | Existing            |
|  | Pay/<br>Benefit   | Budget<br>FY 22-23<br>Cost to City <sup>(1)</sup> | FY 22-23<br>Cost to City | FY 22-23<br>Cost to City | FY 22-23<br>Cost to City | FY 23-24<br>Cost to City | FY 24-25<br>Cost to City | Unfunded<br>Liability       | Funded<br>Liability |
| <b>Base Salary</b>                                   |                   | <b>\$22,272,467</b>                               | <b>\$22,495,192</b>      | <b>\$22,495,192</b>      | <b>\$22,717,917</b>      | <b>\$23,399,454</b>      | <b>\$24,101,438</b>      |                             |                     |
| <i>Incremental cost on Base Salary only</i>          |                   |   | \$222,725                | \$222,725                | \$445,449                | \$681,537                | \$701,984                |                             |                     |
| <b>Pension / Retirement Benefits</b>                 |                   |   |                          |                          |                          |                          |                          |                             |                     |
| Tier 1 - Classic                                     | 2.5% @ 55         | 1,242,141   | 1,254,563                | 1,254,563                | 1,266,984                | 1,304,994                | 1,344,143                | \$82,803,428 <sup>(2)</sup> | \$151,216,989       |
| Tier 2 - Classic                                     | 2.0% @ 60         | Included Above                                    | Included Above           | Included Above           | Included Above           | Included Above           | Included Above           |                             |                     |
| PEPRA  | 2.0% @ 62         | Included Above                                    | Included Above           | Included Above           | Included Above           | Included Above           | Included Above           |                             |                     |
| Employee Contribution Reduction- July 1, 2023 (3.0%) |                   |   |                          |                          | 703,036                  | 724,127                  | 745,851                  |                             |                     |
| Cafeteria - Health                                   | \$18,000 per year | 4,698,000   | 4,698,000                | 4,698,000                | 4,698,000                | 4,698,000                | 4,698,000                |                             |                     |
| Cafeteria Increase Request                           | \$50/Year/FTE     |   |                          | 54,027                   | 54,027                   | 162,081                  | 270,135                  |                             |                     |
| Benefits   |                   |   |                          |                          | 0                        | 0                        |                          |                             |                     |
| Bilingual Pay  | 5.0%              | 147,534   | 149,010                  | 149,010                  | 150,485                  | 155,000                  | 159,650                  |                             |                     |
| Bilingual Pay  | 2.5%              | 6,697   | 6,763                    | 6,763                    | 6,830                    | 7,035                    | 7,246                    |                             |                     |
| Shorthand Pay  | 2.5%              | 1,943   | 1,962                    | 1,962                    | 1,981                    | 2,041                    | 2,102                    |                             |                     |
| Holiday Allowance Pay                                |                   | 91,996  | 92,916                   | 92,916                   | 93,836                   | 96,651                   | 99,551                   |                             |                     |
| Class A/B License                                    | \$700 per year    | 2,800   | 2,800                    | 2,800                    | 2,800                    | 2,884                    | 2,970                    |                             |                     |
| Shift Differential Pay                               | 10.0%             | 76,389  | 77,153                   | 77,153                   | 77,917                   | 80,254                   | 82,662                   |                             |                     |
| Shift Differential Pay                               | 7.5%              | 79,426  | 80,220                   | 80,220                   | 81,014                   | 83,445                   | 85,948                   |                             |                     |
| Shift Differential Pay                               | 5.0%              | 5,977   | 6,037                    | 6,037                    | 6,097                    | 6,280                    | 6,468                    |                             |                     |
| Shift Assignment Pay - TBD                           |                   |   |                          | 49,023                   | 49,508                   | 50,994                   | 52,523                   |                             |                     |
| Standby Pay  |                   | 103,727   | 104,764                  | 104,764                  | 105,802                  | 108,976                  | 112,245                  |                             |                     |
| Additional Standby Pay Hours                         |                   |   |                          | 34,275                   | 68,550                   | 70,607                   | 72,725                   |                             |                     |
| Emergency Medical Dispatch Pay                       | 5.0%              | 61,734  | 62,351                   | 62,351                   | 62,968                   | 64,857                   | 66,803                   |                             |                     |
| Uniform Pay  |                   | 8,649   | 8,735                    | 8,735                    | 8,822                    | 9,086                    | 9,359                    |                             |                     |
| <b>Other Benefits</b>                                |                   |   |                          |                          |                          |                          |                          |                             |                     |
| Medicare   | 1.45%             | 329,945   | 334,775                  | 335,982                  | 339,801                  | 349,995                  | 360,495                  |                             |                     |
| Deferred Comp (0.5% City Contribution)               |                   |   |                          | 56,238                   | 56,795                   | 116,997                  | 120,507                  |                             |                     |
| Overtime <sup>(3)</sup>                              |                   | 1,342,793   | 1,356,221                | 1,356,221                | 1,369,649                | 1,410,738                | 1,453,060                |                             |                     |
| Retiree Medical <sup>(4)</sup>                       |                   | 1,645,302   | 1,645,302                | 1,645,302                | 1,645,302                | 1,648,647                | 1,698,107                |                             |                     |
| Excess Accrual Payoff / Cash outs <sup>(5)</sup>     |                   | 85,055  | 85,905                   | 85,905                   | 86,756                   | 89,359                   | 92,039                   |                             |                     |
| Vacation Accrual                                     |                   |   |                          | 115,241                  | 116,551                  | 120,048                  | 123,649                  |                             |                     |
| <b>Total</b>   |                   | <b>\$ 32,202,574</b>                              | <b>\$ 32,462,669</b>     | <b>\$ 32,772,681</b>     | <b>\$ 33,771,427</b>     | <b>\$ 34,762,548</b>     | <b>\$ 35,767,676</b>     |                             |                     |
| Total Annual Incremental Cost                        |                   |   | \$ 260,095               | \$ 570,107               | \$ 1,568,853             | \$ 1,989,867             | \$ 1,005,128             |                             |                     |
| Annual % Increase                                    |                   |   | 0.8%                     | 1.8%                     | 4.9%                     | 5.9%                     | 2.9%                     |                             |                     |
| <b>Cumulative Impact</b>                             |                   |   |                          | <b>\$ 570,107</b>        | <b>\$ 1,568,853</b>      | <b>\$ 2,559,974</b>      | <b>\$ 3,565,102</b>      |                             |                     |
| Cost Impact to Confidential Unit                     |                   | 3,475,960   |                          |                          |                          |                          |                          |                             |                     |
| Cost Impact to Part-time Employees                   |                   | 6,029,974   |                          |                          |                          |                          |                          |                             |                     |
|  |                   | <b>41,708,508</b>                                 |                          |                          |                          |                          |                          |                             |                     |

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Cost of Costa Mesa City Employees Association (CMCEA) Contract  
Based on Fiscal Year 2022-23 Projected Costs: City to CMCEA Proposal #8

|  |     |
|--|-----|
| Total Number of Employees                      |     |
| CMCEA Employees                                | 261 |
| Confidential Employees                         | 22  |
| Part-time Employees (in full-time equivalents) | 115 |

Notes:

- (1) Cost of Contract per item based on FY 2022-23 Adopted Budget and in some cases, prior year actuals'
- (2) Amounts from PERS Valuation for Miscellaneous Employees dated July 2021. UAL as of June 30, 2020 for Miscellaneous is \$107,866,534, with Market Value of Assets (Funded) of \$196,987,648  
City estimated proportionate share for CMCEA, Confidential and Part-Time Employees based on FTEs.
- (3) Overtime is not explicit in the contract, however is estimated based on the amount spent in prior years.
- (4) Rate per employee is not explicit in the contract, however is calculated based on projected employer contributions calculated by Nyhart, an independent actuary with assumptions listed in the report that includes both explicit and implicit rate subsidy.
- (5) Excess Accrual Payoff / Cash Out is not explicit in the contract, however is estimated based on the amount spent in prior years
- (6) Prorated for six months of FY 22-23, as of June 1, 2023

Council Member Acknowledgement:

  
\_\_\_\_\_  
John Stephens, Mayor

  
\_\_\_\_\_  
Andrea Marr, Mayor Pro Tem - District 3

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Don Harper, Council Member - District 1

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Loren Gameros, Council Member - District 2

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Manuel Chavez, Councilmember - District 4

  
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Arlis Reynolds, Council Member - District 5

  
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Jeffrey Hajian, Council Member - District 6