



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 25-602

Meeting Date: 1/20/2026

TITLE:

COMPENSATION, CLASSIFICATION AND STAFFING UPDATES AND ADOPTION OF THE MEMORANDUM OF UNDERSTANDING (MOU) AND SALARY RESOLUTIONS BETWEEN THE CITY OF COSTA MESA (CITY) AND THE COSTA MESA CITY EMPLOYEES ASSOCIATION (CMCEA), COSTA MESA DIVISION MANAGERS ASSOCIATION (CMDMA), CONFIDENTIAL MANAGEMENT UNIT, CONFIDENTIAL UNIT, EXECUTIVE EMPLOYEES, PART TIME EMPLOYEES AND POLICE RECRUITS

DEPARTMENT: CITY MANAGER'S OFFICE- HUMAN RESOURCES DIVISION

PRESENTED BY: KASAMA LEE, HUMAN RESOURCES MANAGER

CONTACT INFORMATION: KASAMA LEE, HUMAN RESOURCES MANAGER (714) 754-5169

RECOMMENDATION:

Staff recommends the City Council:

1. Approve and adopt the Memorandum of Understanding between the City of Costa Mesa and CMCEA (Attachment 1); and
2. Approve and adopt Resolutions Number 2026-xx establishing the Senior Community Services Specialist, Lead Community Services Specialist, Senior Property and Evidence Specialist, Senior Civilian Investigator and Fairview Park Senior Maintenance Technician classifications and revising pay ranges for Community Outreach Supervisor (Attachment 2); and
3. Approve and adopt Resolution Number 2026-XX revising pay ranges for Neighborhood Improvement Manager, Recreation Manager, Public Affairs Manager, Assistant Development Services Director and renaming the Community Improvement Manager, Planning and Sustainable Development Manager and Telecommunications Manager classifications and updating benefits information for the CMDMA (Attachment 3); and
4. Approve and adopt Resolution Number 2026-XX updating benefits information for the Confidential Management Unit (Attachment 4); and
5. Approve and adopt Resolution Number 2026-XX revising benefits information for the Confidential Unit (Attachment 5); and
6. Approve and adopt Resolution Number 2026-XX revising pay ranges for City Manager, Police Chief, Fire Chief, Deputy Police Chief and Assistant Fire Chief and benefits information for

Executive Employees (Attachment 6); and

7. Approve and adopt Resolution Number 2026-XX revising pay ranges for Video Production Aide and Reserve Public Safety Dispatcher and updating benefits information for Part Time employees (Attachment 7); and
8. Approve and adopt Resolution Number 2026-XX revising pay ranges for Police Recruits (Attachment 8); and
9. Authorize and approve staffing for following full-time position: Office Specialist II (Confidential) in the City Clerk's Division of the City Manager's Department; and
10. Authorize the City Manager and members of the City's Negotiation Team to execute the MOU.

BACKGROUND:

Negotiations with CMDMA were completed in 2024 and agreed upon provisions were included in Resolution No. 2024-49 approved by the City Council on November 19, 2024. These provisions also apply to non-represented employees in the Confidential Management Unit and Executive employees.

The current Agreement for a Successor MOU for CMCEA was approved by the City Council on June 17, 2025 and the MOU is scheduled to expire on June 30, 2026. Provisions of the agreement also apply to non-represented employees in the Confidential Management Unit.

CMCEA's MOU/Agreement includes language stating "the parties agree that 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." CMDMA also agreed to update language to clean up any necessary provisions.

The MOU/Resolutions required some language updates to provide additional clarity and to comply with Public Employees' Retirement Law (PERL), Public Employees' Pension Reform Act of 2013 (PEPRA), Government Code, Title 2 of the California Code of Regulations (CCR).

The Human Resources Division collaborated with each unit's negotiation team regarding updated language, which resulted in a new MOU (Attachment 1) for CMCEA, which incorporated the provisions of the Agreement for Successor MOU and applicable existing language from the prior MOU and side letters and updated Resolutions (Attachments 2-8) for CMCEA, CMDMA and unrepresented employees.

The Human Resources Division engaged in extensive discussion with Department management and the employee groups, resulting in the recommended classification, compensation and staffing adjustments for CMCEA, CMDMA and unrepresented classification based upon negotiated provision and management recommendations to support organizational needs.

ANALYSIS:**Language Updates**

Pursuant to Government Code (Gov.) Section 20636 "compensation earnable" for CalPERS "Classic

Members" is defined as the pay rate and special compensation of the member. Government Code sections 20636(c) further specify that special compensation includes any payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions. Gov Code section 7522.34 and CCR section 571.1 defines "pensionable compensation" for CalPERS "New (PEPRA) Members".

CCR Section 571 also requires all items of special compensation be contained in a written labor policy or agreement that has been adopted by the employer's governing body and include the conditions for payment for the special compensation item and cannot reference another document in lieu of disclosing the item of special compensation. Examples of "special compensation" include, but are not limited to, special assignment pay, holiday pay, bilingual pay, recruitment and retention incentive pay, and certification and education pay.

Employees who are planning to retire often submit formal requests for a retirement estimate through CalPERS. During this process, CalPERS often conducts a compensation/compliance review and will notify the employee and employer of any special compensation items that the employer has reported to CalPERS during the employee's final compensation period that CalPERS believes does not meet the criteria per CCR Section 571. This provides the employer with an opportunity to submit additional or updated language to CalPERS for additional consideration prior to the employee's official retirement. Once an employee officially retires, CalPERS performs another compensation/compliance review and will notify the retiree and employer if any reported compensation does not meet the criteria per CCR Section 571. The employer/retiree would then need to officially file an appeal for reconsideration. If, during the appeal process, it is determined that the special compensation did not meet the criteria, then the special compensation is removed from the retirees retirement benefit.

Special compensation has been negotiated in good faith with the City's bargaining units. To avoid special compensation from being removed from an employee's retirement benefit, the City has updated language in the MOUs to ensure compliance with the applicable PERL, PEPRA and CCR sections. As special compensation cannot be referenced in another document, the applicable special compensation provisions have been included in updated salary resolutions for unrepresented employees.

Additional language updates were made to clean up provisions that were outdated and/or needed modification with agreement from the associations.

CMCEA Compensation, Classification and Staffing Updates

The CMCEA MOU contains a provision for CMCEA to request up to five (5) compensation inequity studies each year. This allows for at least five (5) classifications in this bargaining unit to be analyzed by Human Resources to identify whether there are discrepancies in compensation relative to the prevailing market. A classification update may also be needed based on the duties and functions being performed by the incumbent(s). Classification studies may also result in a recommendation to adjust compensation. For 2024, CMCEA requested classification studies for Community Services Specialist, Property & Evidence Specialist and Maintenance Worker (Parks and Community Services). Due to the complexity of the studies, the City retained Gallagher Consulting to conduct the classification studies for Community Services Specialist and Property & Evidence Specialist.

The Community Services Specialist classification encompasses several different assignment areas including Police Department front desk, field investigations, special investigations and discovery. Due to the training and experience necessary for some of the assignments, Gallagher recommended expanding this classification into a series to include Community Services Specialist and Senior Community Services Specialist. This flexibly staffing model is commonly used in other mid-to-large police departments and would provide the Department the ability to acknowledge employees who have developed additional training and experience and align assignments accordingly. Gallagher also indicated that duties related to special investigations overlap with the city's Civilian Investigator classification. While the study did not reveal that the incumbent was performing the full duties of the current Civilian Investigator classification, they recommended expanding the Civilian Investigator classification into a series to include Civilian Investigator and Senior Civilian Investigator with the current Civilian Investigator classification being retitled to Senior Civilian Investigator and creating a lower level Civilian Investigator classification similar to the restructure of the Community Services Specialist classification series. The Human Resources Division and CMCEA concurs with this recommendation.

After a review of the consultant's recommendation, the Police Department also recommended the creation of a Lead Community Services Specialist classification. One of the assignments of the Community Services Specialist includes supervision of several Police Cadets and this incumbent can often serve as a trainer and/or "lead" to other Community Services Specialists. Due to these additional duties performed, the Human Resources Division and CMCEA concur with this recommendation.

The new Senior Community Services Specialist pay range will be set at approximately 6.2% above the current Community Services Specialist pay range and the new Lead Community Services Specialist pay range will be set approximately 6.2% above the new Senior Community Services Specialist. The new Civilian Investigator classification will be aligned with the Senior Community Services Specialist pay range.

The Property & Evidence Specialists are responsible for managing the receipt, storage, documentation and disposal of property and evidence collected by the Police Department. Due to the level of responsibility and/or detail involved in performing the tasks, Gallagher recommended expanding this series to include a Property & Evidence Specialist and Senior Property & Evidence Specialist. This flexibly staffing model is commonly used in other mid-to-large police departments and would provide the Department the ability to place tenured staff, who perform the full scope of work of the position and provide training to lower-level staff, in the Senior level of the series. The Human Resources Division and CMCEA concurs with this recommendation. The new Senior Property & Evidence Specialist pay range will be set at approximately 7.5% above the current Property & Evidence Specialist pay range.

The Human Resources Division studied the Maintenance Worker/Senior Maintenance Worker classification in the Parks and Community Services Department. The Maintenance Worker in the Parks and Community Services Department oversees and coordinates the activities of Fairview Park which include monitoring water quality, safety and trail clearance and coordination with staff, Contractors and the public regarding Fairview Park. The general Maintenance Worker/Senior Maintenance Worker classification is generally used in the Public Works Department. The Human Resources Division recommends creation of a Senior Fairview Park Maintenance Technician to

recognize the increased technical and complex nature of the duties associated with Fairview Park. CMCEA concurs with this recommendation. The new Senior Fairview Park Maintenance Technician pay range will be set at approximately 5% above the current Senior Maintenance Worker pay range.

The Human Resources Division is also recommending an approximate 22.4% adjustment for the Community Outreach Supervisor position to address a compaction issue with the Management Analyst/Senior Management Analyst classification which it supervises. This adjustment will provide for a minimum of 5% differential with the classification's subordinates which aligns with City policy and classification best practices.

CMDMA Compensation and Classification Updates

As a result of the 2024 negotiations with CMDMA, the City also agreed to conduct a market analysis study in 2025 for various classifications resulting in recommended market and internal alignment approximate adjustments for the following classifications;

1. Neighborhood Improvement Manager - 21.0%
2. Recreation Manager - 11.43%
3. Public Affairs Manager - 5.35%

The Human Resources Division is also recommending a 4.09% adjustment for the Assistant Development Services Director position to address a compaction issue with the Planning Manager classification. This adjustment will provide for a minimum of 5% differential with the classification's subordinates, which aligns with City policy and classification best practices

In addition to the market adjustments, the Human Resources Division received requests to retitle Community Improvement Manager to Code Enforcement Manager, Planning and Sustainable Development Manager to Planning Manager and Telecommunications Manager to Emergency Communications Manager in order to better align the position title with the duties being performed. The Human Resources Division and CMDMA and Department management support and concur with the recommendation.

Executive Compensation Updates

The Human Resources Division is also recommending adjustments to the salary and benefits for the Deputy Police Chief, Police Chief, Assistant Fire Chief and Fire Chief classifications to address compaction issues with the Police Captain position and to address internal alignment. These adjustments include a 6% pay range adjustment for the Deputy Police Chief and Assistant Fire Chief classifications and a 2% pay range adjustment for the Police Chief and Fire Chief classifications and addition of 12.5% Longevity (Recruitment and Retention Incentive) Pay for the Police Chief and Fire Chief.

The updated Executive Resolution also includes updates to the City Manager classification salary and benefits to align with the provisions of the recently approved contract for the new City Manager.

Part-Time Compensation Updates

On September 17, 2024, the City Council approved a new part-time classification of Reserve Senior Public Safety Dispatcher as part of the efforts to recruit and retain public safety dispatchers. When

the CMCEA Agreement for a Successor Memorandum of Understanding was approved, those provisions also applied to any part-time employee in a CMCEA classification. As such, the 2% salary increase applied to the lower-level, part-time Public Safety Dispatcher position, but was not applied to the Reserve Public Safety Dispatcher position as the new position is not tied to CMCEA. The Human Resources Division is recommending the current and future salary adjustments for CMCEA be applied to the Reserve Public Safety Dispatcher position in order to maintain alignment within the classification series.

A salary adjustment for the Video Production Aide classification is also being recommended as the salary range for this classification has not been updated since 2019 other than application of the minimum wage rate (currently \$16.50 per hour). The recommended salary range will align with the Intern classification (currently \$23.00 - \$27.96 per hour).

Police Recruit Compensation Updates

On August 6, 2024, the City Council approved a new resolution converting Police Recruits to full-time status and aligning applicable benefits from the Costa Mesa Police Association (CMPA) MOU to the position. This resolution includes a provision to maintain a 16.30% salary differential with Step 1 of the Police Officer classification. The 4% CMPA salary range adjustment approved by City Council was also applied to Police Recruit but needs to be administratively updated on the salary resolution as well.

Staffing Updates for the City Clerk's Division

The City Clerk's Division currently utilizes part-time Office Specialists and Interns to staff the Concierge desk. This Concierge assignment provides employees and interns with a great introduction to City Hall and municipal government operations as the position interacts all departments and deals with a wide variety of public inquiries. However, most employees eventually desire full-time employment which results in high turnover for the position as employees quickly seek full-time employment in other City Departments or other agencies. This high turnover results in the City Clerk's Division having to constantly train new employees. The City Clerk's Division has requested to convert two part-time Concierge positions to one full-time Office Specialist II (Confidential) position.

ALTERNATIVES:

The parties to these agreements/resolutions considered a variety of issues in the context of good faith negotiations in accordance with Government Code Section 3500, et seq. (Meyer-Milias-Brown Act). These agreements/resolutions represent the successful conclusion of labor negotiations and/or discussions in addition to updating language for required compliance with the PERL, PEPRA, Gov. Code and CCR, and alternatives need not be considered as a result of collaborative efforts expended.

Do not approve the staff recommendation(s) regarding compensation and/or staffing updates and direct staff accordingly.

FISCAL REVIEW:

The City's CMCEA memorandum of understanding (MOU) allows for the bargaining unit to request classification and compensation studies for up to five (5) classifications per year. The contractual

adjustment for CMCEA is estimated at \$174,850 per fiscal year plus a one-time retroactive amount of \$67,341 for a FY 2025/2026 total estimated impact of \$242,191. Due to the contractual obligation, the annual amount is included in the FY 2025/2026 budget; whereas the one-time retroactive amount to July 1, 2024 will be covered with salary savings.

The compensation realignments for CMDMA are estimated at \$119,794 per fiscal year. This will impact four classifications. The Confidential Unit and Confidential Management Unit only has the required CalPERS language cleanup and therefore has no estimated fiscal impact.

The Executive Group includes the Police Chief, Fire Chief, Deputy Police Chief, and Assistant Fire Chief. Both Police and Fire Chiefs are recommended for a 2% base pay adjustment plus a 12.5% longevity pay that is retroactive to July 1, 2025. The Deputy Police Chief and Assistant Fire Chief are recommended for a 6% base pay adjustment, plus an increase of 2.5% in longevity pay. The estimated annual impact for this group is \$226,731.

The City is also recommending to update part-time Video Production Aide and Reserve Senior Public Safety Dispatch classification pay ranges. There is an estimated five (5) part time Reserve Senior Public Safety Dispatch positions and one (1) part time Video Production Aide, totaling an estimated \$41,322 impact per fiscal year.

The City Clerk's Division of the City Manager's Office is requesting to convert two part time positions to one full time Specialist II, increasing the City Manager's Office full time equivalent (FTE) table of organization to increase by one (1) to 46 FTE, and maintaining the Citywide FTE table inclusive of part-time positions net neutral. The fiscal impact, mostly attributed to benefits and pension costs, total an estimated \$51,552.

As mentioned above, the CMCEA fiscal impact is included in the FY 2025/26 Adopted Budget. The fiscal impact balance of \$439,399 is covered by two funds: Behavioral Health Fund is estimated at \$75,530 and the General Fund's impact is estimated at \$363,869. There are sufficient revenue increases to cover the estimated fiscal impact of the requested labor adjustments.

LEGAL REVIEW:

The City's special counsel, Liebert Cassidy Whitmore (LCW) and City Attorney's Office have reviewed the agreements and this report and approved them as to form.

CITY COUNCIL GOALS AND PRIORITIES:

The proposed Agreements support the City's Strategic Plan Goals to Recruit and Retain High Quality Staff and Strengthen the Public's Safety and Improve the Quality of Life.

CONCLUSION:

Staff recommends the City Council:

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