



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.

CONFIDENTIAL

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 Projected Budget FY 22-23 Cost to City ⁽¹⁾	1.00% Value of 1% FY 22-23 Cost to City	1.00% City Proposal FY 22-23 Cost to City	2.00% FY 22-23 Cost to City	3.00% City Proposal FY 23-24 Cost to City	3.00% FY 24-25 Cost to City	Existing Unfunded Liability	Existing Funded Liability
Base Salary		\$22,272,467	\$22,495,192	\$22,495,192	\$22,717,917	\$23,399,454	\$24,101,438		
<i>Incremental cost on Base Salary only</i>			\$222,725	\$222,725	\$445,449	\$681,537	\$701,984		
Pension / Retirement Benefits									
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 ⁽²⁾	\$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	49,023	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		
Other Benefits									
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 ⁽³⁾		1,342,793	1,356,221	1,356,221	1,369,649	1,410,738	1,453,060		
Retiree Medical ⁽⁴⁾		1,645,302	1,645,302	1,645,302	1,645,302	1,648,647	1,698,107		
Excess Accrual Payoff / Cash outs ⁽⁵⁾		85,055	85,905	85,905	86,756	89,359	92,039		
Vacation Accrual				115,241	116,551	120,048	123,649		
Total		\$ 32,202,574	\$ 32,462,669	\$ 32,772,681	\$ 33,771,427	\$ 34,762,548	\$ 35,767,676		
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%		
Cumulative Impact				\$ 570,107	\$ 1,568,853	\$ 2,559,974	\$ 3,565,102		
Cost Impact to Confidential Unit		3,475,960							
Cost Impact to Part-time Employees		6,029,974							
		41,708,508							

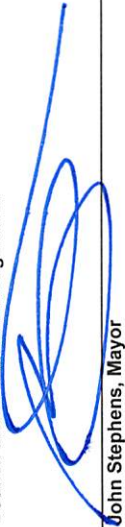
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Cost of Costa Mesa City Employees Association (CMCEA) Contract
Based on Fiscal Year 2022-23 Projected Costs: City to CMCEA Proposal #8

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



Don Harper, Council Member - District 1

Loren Gameros, Council Member - District 2



Manuel Chavez, Councilmember - District 4

Arlis Reynolds, Council Member - District 5


Jeffrey Harlan, Council Member - District 6