



CITY OF COSTA MESA

Agenda Report

77 Fair Drive
Costa Mesa, CA 92626

File #: 25-444

Meeting Date: 9/16/2025

TITLE:

ADOPTION OF THE MEMORANDA OF UNDERSTANDING (MOU) BETWEEN THE CITY OF COSTA MESA (CITY) AND THE COSTA MESA POLICE ASSOCIATION (CMPA), THE COSTA MESA POLICE MANAGEMENT ASSOCIATION (CMPMA), THE COSTA MESA FIREFIGHTERS ASSOCIATION (CMFA) AND THE COSTA MESA FIRE MANAGEMENT ASSOCIATION.

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 CMPA (Attachment 1).
2. Approve and adopt the Memorandum of Understanding between the City of Costa Mesa and CMPMA (Attachment 2).
3. Approve and adopt the revised Memorandum of Understanding between the City of Costa Mesa and CMFA (Attachment 3).
4. Approve and adopt the revised Memorandum of Understanding between the City of Costa Mesa and CMFMA (Attachment 4).
5. Authorize the Interim City Manager and members of the City's Negotiation Team to execute the MOUs.

BACKGROUND:

The current Memoranda of Understanding (MOU) for CMFA and CMFMA were approved by the City Council on February 20, 2024 and are scheduled to expire on June 30, 2027. The current Agreements for a Successor MOU for CMPA and CMPMA were approved by the City Council on June 17, 2025 and the MOUs are scheduled to expire on June 30, 2026.

Each 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language stating "the parties agree that either side can propose MOU language to clean up provisions which are either outdated or in need of modification.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."

The MOUs 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 and 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 new Memoranda of Understanding (Attachments I and II) for CMPA and CMPMA, which incorporated the provisions of the Agreement for Successor MOU and applicable existing language from the prior MOU and side letters and updated Memoranda of Understanding (Attachments III and IV) for CMFA and CMFMA.

ANALYSIS:

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 section 20636(c) further specifies 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 define "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 includes 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 retiree's 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.

Additional language updates were made to clean up provisions that were outdated and/or needed modification with agreement from the associations.

New and revised MOUs and resolutions for the non-safety bargaining units including Costa Mesa City Employees Association (CMCEA), Costa Mesa Division Managers Association (CMDMA) and the non-represented groups will be brought forth for City Council approval and adoption at an October City Council meeting.

ALTERNATIVES:

The parties to these agreements 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 represent the successful conclusion of labor negotiations 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.

FISCAL REVIEW:

There is no additional fiscal impact as the language updates are administrative in nature.

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:

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