



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 **City of Costa Mesa Proposal #2 to the City of Costa Mesa Police Association (CMPA) for Fiscal Year 2022-23 dated November 1, 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.

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Fiscal Impact Analysis for Compliance with City Council Policy 300-8 - Transparency in Labor Negotiations

Cost of Costa Mesa Police Association (CMPA) Contract

Based on Fiscal Year 2022-23 Projected Costs

City to CMPA Counter 2

		CMPA (1% base)	1.00%	1.00%	2.00%	5.00%	4.25%			
				CMPA Proposal		Includes 2% already negotiated				
	Value of Pay/ Benefit	Baseline Analysis FY 22-23 Cost to City ⁽¹⁾	Value of 1% FY 22-23 Cost to City	FY 22-23 Cost to City	FY 22-23 Cost to City	FY 23-24 Cost to City	FY 24-25 Cost to City	Existing Unfunded Liability	Existing Funded Liability	Projected Funded Liability
Base Salary		\$14,693,562	\$14,840,497	\$14,840,497	\$14,987,433	\$15,736,805	\$16,405,619			
<i>Incremental cost on Base Salary only</i>			\$146,936	\$146,936	\$293,871	\$749,372	\$668,814			
<i>Reduction of the 2% already negotiated</i>						(\$453,223)	\$0			
<i>Recruit & Retain Pay- 25 years 10% Year 1</i>				\$127,137	254,274	354,085	397,319			
<i>Recruit & Retain Pay- 20 years 7.5% Year 1</i>				\$0		-	146,969			
<i>Recruit & Retain Pay- 15 years 5% Year 2</i>							77,278			
<i>Recruit & Retain Pay- 10 years 2.5% Year 3</i>							134,200			
Pension / Retirement Benefits										
Tier 1	3.0% @ 50	2,842,427	2,870,851	2,870,851	2,899,276	3,044,239	3,173,620	\$124,958,329 ⁽²⁾	\$180,614,594 ⁽²⁾	
Tier 2	2.7% @ 55	Included Above	Included Above	Included Above	Included Above	Included Above	Included Above			
Retirement Employer Rate	2.0%					229,434	244,018			
Retirement Pick Up	1.25%									
Cafeteria - Health Benefits	\$2,119 monthly	3,356,496	3,356,496	3,356,496	3,356,496	3,356,496	3,356,496			
Bilingual Pay (5% of Senior Police Officer position Top Step subject to revision based on salary adjustments)	\$227.15 per pay period	165,365	167,019	167,019	168,673	177,106	184,633			
Bilingual Pay (2.5% of Senior Police Officer position Top Step subject to revisions based on salary adjustments)	\$113.67 per pay period	20,670	20,876	20,876	21,083	22,137	23,078			
Holiday Allowance Pay		226,412	228,676	228,676	230,940	242,487	252,793			
Canine Assignment Pay	11.3%	25,191	25,443	25,443	25,695	26,980	28,126			
Canine Maintenance Pay (\$15 x 1.5 x 7 hrs per pay period)	\$157.50 per pay period	8,190	8,190	8,272	8,354	8,771	9,144			
Motor Officer Assignment Pay	5.0%	59,078	59,669	59,669	60,260	63,273	65,962			
Motor Officer Maintenance Pay (3 hrs x 1.5 x Senior Police Officer position Top Step subject to revisions based on salary adjustments)	\$255.54 per pay period	66,440	67,105	67,105	67,769	71,158	74,182			
Motor Training Officer Assignment Pay	5.0%	5,681	5,738	5,738	5,795	6,085	6,343			
POST Advanced Certificate Pay	10.0%	779,189	786,981	786,981	794,772	834,511	869,978			
POST Intermediate Certificate Pay	5.0%	166,175	167,837	167,837	169,499	177,974	185,538			
Uniform Assignment Pay	2.5%	216,658	218,825	218,825	220,991	232,041	241,903			
Uniform Maintenance Allowance (Article 22 of MOU)	\$17 per pay period	22,100	22,100	22,321	22,100	22,100	23,039			
Special Assignment Pay various positions	5.0%			128,977	257,953	270,851	282,362			
Special Assignment Pay Officers Returning to Patrol	1% or 3%			51,591	103,181	108,340	112,945			
							0			

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Based on Fiscal Year 2022-23 Projected Costs

Other Benefits							0
Medicare	1.45%	238,593	240,975	240,979	243,359	255,511	266,370
Overtime ⁽³⁾		2,992,954	3,022,884	3,022,884	3,052,813	3,205,454	3,341,686
Retiree Medical ⁽⁴⁾		846,918	846,918	846,918	846,918	848,640	848,640
Excess Accrual Payoff / Cash outs ⁽⁵⁾		154,897	156,446	156,446	157,995	165,895	172,945
One Time Equipment Pay	\$ 3,000.00			0	0	0	
457 Contribution	0.50%						97,607
Total		\$ 26,886,998	\$ 27,113,526	\$ 27,294,401	\$ 27,955,629	\$ 29,460,373	\$ 31,022,793
Total Annual Incremental Cost			\$ 226,529	\$ 407,403	\$ 1,068,632	\$ 1,504,744	\$ 1,562,420
Annual % Increase			0.8%	1.5%	3.9%	5.4%	5.3%
Value of a 1% Cal PERS Pick Up			\$ 534,540				
Cumulative Impact					\$ 1,068,632	\$ 2,573,375	\$ 4,135,795

TOTAL

Total Number of CMPA Employees

132

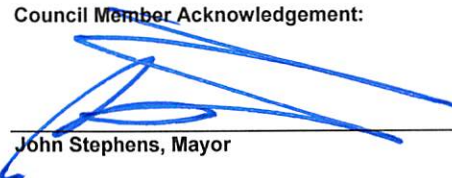
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Based on Fiscal Year 2022-23 Projected Costs

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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 Safety Police Plan dated July 2021. UAL as of June 30, 2020 for Safety Police Plan is \$134,408,959, with Market Value of Assets (Funded) of \$194,274,521
City estimated proportionate share for CMPA 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

Council Member Acknowledgement:

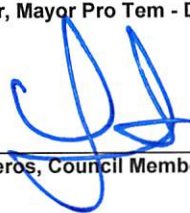


John Stephens, Mayor

Don Harper, Council Member - District 1

Manuel Chavez, Councilmember - District 4

Jeffrey Harlan, Council Member - District 6

Andrea Marr, Mayor Pro Tem - District 3

Loren Gameros, Council Member - District 2

Arlis Reynolds, Council Member - District 5