



CITY OF COSTA MESA

77 Fair Drive
Costa Mesa, CA 92626

Agenda Report

File #: 24-238

Meeting Date: 6/4/2024

TITLE:

ADOPTION OF THE MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF COSTA MESA (CITY) AND THE COSTA MESA FIRE MANAGEMENT ASSOCIATION (CMFMA) AND THE ADOPTION OF ACCOMPANYING SALARY RESOLUTION FOR CMFMA

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 CMFMA.
2. Approve and Adopt Resolution Number 2024-XX revising the pay ranges for CMFMA.
3. Authorize the City Manager and members of the City's Negotiation Team to execute the Memorandum of Understanding documents.

BACKGROUND:

In March 2020, mid-way through the budget development process, the City was faced with the impacts of the worldwide coronavirus pandemic (COVID-19). As a result, numerous General Fund revenue sources were declining significantly, including tax revenues (e.g., sales tax, hotel tax, and business license tax, etc.).

At the June 25, 2020 City Council Meeting, a Side Letter Agreement with CMFMA was approved to achieve the equivalency of a five percent (5%) furlough. The Side Letter Agreement also included the following key provisions:

- Equivalent of a 5% reduction to the flexible benefit contribution in FY 2020-21
- Extension of the current memorandum of understanding to June 30, 2024
- Guarantee of no layoffs in Fiscal Year 2020-21
- A one-time payment equivalent to reduction taken should the City receive stimulus funds in excess of \$40.5 million
- "Me Too" Clause for salary adjustments in FY 2022-23 and FY 2023-24

- Adjust sick leave accrual to match CMFA

At the April 6, 2021 City Council meeting, the City Manager was authorized by City Council to enter into side letter negotiations for the sole purpose of eliminating the five (5%) percent furlough across all labor groups. Staff met with all of the City's employee associations to negotiate the elimination of the furlough and reimbursement of salary and benefit cuts already incurred. An agreement was reached with CMFMA to amend the 2020 side letters.

The current collective bargaining agreement between the City and CMFMA covered years 2017-2024 and is scheduled to expire on June 30, 2024. A series of collaborative and productive meetings between the City's designated negotiation team and CMFMA's negotiation team were held, which resulted in the attached tentative Memorandum of Understanding (Attachment I).

ANALYSIS:

The City's Negotiation Team and CMFMA Negotiation Team held several meetings to discuss the MOU and issues raised by both parties, including but not limited to wages and benefits. During the course of negotiations, the City Negotiation Team has met with the City Council to discuss the status and progress of negotiations and to receive direction specific to provisions under consideration. The negotiations were fully collaborative and were based on the shared interests of the CMFMA employees and the City. The results of the negotiations have been compiled in a proposed Memorandum of Understanding.

The proposed Memorandum of Understanding takes into consideration specific objectives that align with the City Council's Strategic Plan Goals - *Recruit, Retain High Quality Staff and Strengthen the Public's Safety and Improve Quality of Life* and the City's current financial health as the proposed provisions have financial implications. A summary of the most significant MOU revisions is included below.

The following are the key provisions of the negotiated CMFMA MOU:

- Term of MOU. Upon City Council adoption, the term of the MOU will be July 1, 2024 - June 30, 2027
- Salaries and Wages
 - Effective July 2024, a 5% increase
 - Effective July 2025, an additional 3.75% increase
 - Effective July 2026, an additional 3.75% increase
- Cost Sharing and Retirement Contributions
 - Effective July 2024 an increase of 1.25% of employee cost sharing for CalPERS "Classic" Tier 1 and Tier 2 (for a total employee contribution of 17%), which may require future City Council approval to amend the City's current cost sharing agreement with CalPERS.
- Recruitment and Retention Pay
 - Effective July 2024, 7.5% for 20 years of sworn service
 - Effective July 2025, 5% for 15 years of sworn service

- Effective January 2026, 2.5% for 10 years of sworn service
- Education Pay/Certification Pay
 - Addition of Education Pay of 2.5%
 - Include additional certifications as part of the Certification program with no increase to the current maximum.

The CMFMA Negotiation Team have agreed to a tentative agreement and the CMFMA ratification process was completed.

ALTERNATIVES:

The parties to this agreement 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). The CMFMA members have ratified the tentative agreement. This MOU represents the successful conclusion of labor negotiations, and alternatives need not be considered as a result of collaborative efforts expended.

FISCAL REVIEW:

The Fiscal Impact Analysis prepared pursuant to the City Council Policy 300-8 Transparency in Labor Negotiations recognizes the CMFMA Fiscal Year 2024-2025 increase is estimated at approximately \$121,796, and has been included in the Fiscal Year 2024-2025 budget and will take effect during the payroll cycle inclusive of July 1, 2024. The estimated annual fiscal impact to the City's future budget is \$53,691, and approximately \$227,509 for the life of the contract.

LEGAL REVIEW:

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

CONCLUSION:

The proposed MOU and salary range adjustments 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. Staff recommends that the City Council:

1. Approve and adopt the Memorandum of Understanding between the City of Costa Mesa and the Costa Mesa Fire Management Association. (Attachment I).
2. Adopt Resolution Number 2024-XX (Attachment II), which revises the pay ranges for CMFMA.
3. Authorize the City Manager and members of the City's Negotiation Team to execute the Memorandum of Understanding documents.