Letter of Agreement
October 26, 2010 – June 30, 2014
Between the
Costa Mesa Fire Management Association (CMFMA)
and the City of Costa Mesa

This Letter of Agreement ("Agreement") is entered into by and between the City of Costa Mesa ("City") and the Costa Mesa Fire Management Association ("CMFMA"). As part of the City's Budget Development Strategies to balance the City's current 2010-2011 Operating Budget and future fiscal year budgets, CMFMA and the City conducted numerous meet & confer meetings in good faith to reach concurrence on the items presented in the Letter of Agreement.

I. Term of Agreement:

The term of the Agreement will commence on October 26, 2010 and will expire on June 30, 2014.

II. Retirement Contribution

Employees covered by this Agreement shall contribute 5% of the employee's PERSable earnings towards the employee retirement contribution for a period of one-hundred and four (104) consecutive pay periods. The expected commencement date for the employee contribution will be the first pay period following the effective date of the CalPERS contract amendment. To the extent permitted by CalPERS and the IRS regulations, this 5% contribution shall be implemented through payroll deduction on a pre-tax basis. The contribution will be enacted by using Section 20516 as stated by PERS to be "Cost Sharing."

Beginning the pay period effective October 24, 2010, CMFMA agrees to contribute the equivalent 5% of employee's PERSable earnings from the individual's medical flex bucket until the implementation of section 20516. The amount will be averaged per each rank (Battalion Chief, Deputy Fire Chief). Once section 20516 is implemented it will be the sole mechanism for the 5% cost sharing.

Should CMFA not agree to a 5% PERS contribution beyond 26 pay periods, then CMFMA agrees to contribute the same corresponding amount from individual's medical flex bucket for the remaining 78 pay periods.

III. Retiree Medical Program

a. CMFMA agrees to suspend the Retirement Health Savings (RHS) Plan for 52 pay periods.

b. CMFMA agrees to a reopener regarding continuation of the RHS Plan suspension if any other employee association agrees to a suspension of the RHS Plan beyond 52 pay periods.

c. CMFMA agrees to apply the 1% employee contribution (that would otherwise have been returned to the employee) towards the cost of the 3@50 CalPERS retirement benefit.

VII. Basic Salaries and Wages:

1. **Salary Adjustment – Year 3 (effective the pay period that includes July 1, 2013)**

   a. If the combined revenue totals for Sales Tax, Property Tax, and Transient Occupancy Tax increase and return to 07/08 revenues ($72,499,107), then a 2% COLA adjustment will be implemented, **or**

   b. If the combined revenue totals for Sales Tax, Property Tax and Transient Occupancy Tax increase to 5% or more above 07/08 revenues ($76,124, 063), then the higher of:

      i. A 4% COLA adjustment will be implemented, **or**

      ii. A CPI* adjustment will be implemented up to a maximum of 6%
      **CPI = The change in the Department of Labor's actual April Consumer Price Index, All Items (CPI-W) for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange Co. region for the period of April 2012 to April 2013.*

2. **Salary Adjustment – Year 4 (effective the pay period that includes July 1, 2014)**

   a. If the combined revenue totals for Sales Tax, Property Tax, and Transient Occupancy Tax increase to 3% above 07/08 revenues ($74,674,080), then a 2% COLA adjustment will be implemented, **or**

   b. If the combined revenue totals for Sales Tax, Property Tax and Transient Occupancy Tax increase to 5% or more above 07/08 revenues ($76,124,063), then the higher of:

      i. A 4% COLA adjustment will be implemented, **or**

      ii. A CPI* adjustment will be implemented up to a maximum of 6%
      **CPI = The change in the Department of Labor's actual April Consumer Price Index, All Items (CPI-W) for Urban Wage Earners and Clerical Workers for the Los Angeles-Riverside-Orange Co. region for the period of April 2013 to April 2014.*

VIII. Flexible Benefits Contribution:

The City's contribution towards employees' medical and health care benefit shall be frozen at the 2010 level for calendar years 2011 and 2012.

IX. Professional Development Benefit:
The Professional Development benefit shall be suspended for FY 2011-2012 and FY 2012-2013

X. MOU Provisions:
Except as provided herein, all remaining terms and provisions of the aforementioned shall remain in full force and effect through the term of this Letter of Agreement or until such time that a new or modified agreement is approved by both parties. The City and CMFMA agree to develop and distribute a consolidation of all current provisions (Letter of Agreement, Resolutions, Personnel Rules and Regulations, etc…) related to CMFMA. The consolidated MOU will contain the rights of employees, CMFMA, and Management.

REPRESENTATIVES OF THE COSTA MESA FIRE MANAGEMENT ASSOCIATION

KIRK DOMINIC
Deputy Fire Chief

KEVIN DIAMOND
Battalion Chief

WILLIAM KERSHAW
Battalion Chief

REPRESENTATIVES OF THE CITY OF COSTA MESA

STEPHEN N. MANDOKI
Administrative Services Director

BOBBY YOUNG
Budget & Research Officer

LANCE M. NAKAMOTO
Human Resources Administrator

KASAMA LEE
Principal Human Resources Analyst

JULIE SCHALL
Human Resources Analyst