



CITY COUNCIL AGENDA REPORT

MEETING DATE: November 15, 2004

ITEM NUMBER:

SUBJECT: SALARY ADJUSTMENTS FOR CITY EMPLOYEES AND CITY COUNCIL

DATE: November 4, 2004

FROM: ADMINISTRATIVE SERVICES DEPARTMENT

PRESENTATION BY: HOWARD PERKINS, ACTING ADMINISTRATIVE SERVICES DIRECTOR

FOR FURTHER INFORMATION CONTACT: HOWARD PERKINS, ACTING ADMINISTRATIVE SERVICES DIRECTOR, AT 714-754-5169

RECOMMENDATION:

1. Adopt the new Memoranda of Understanding (MOU) and Salary Resolutions between the City of Costa Mesa and the Costa Mesa Firefighters Association (CMFA), Costa Mesa City Employees Association (CMCEA), Costa Mesa Police Management Association (CMPMA), and Costa Mesa Police Association (CMPA).
2. Adopt the Salary Resolutions that establish new salary ranges for all non-represented employees (i.e., executive management and part-time employees).
3. Adopt the MOUs and Salary Resolutions effective retroactive to the pay period that includes September 1, 2004; with the exception of CMFA, which will be effective retroactive to the pay period that includes July 1, 2004.
4. Give first reading to the proposed Ordinance prospectively increasing salaries of the City Council Members.
5. Approve Budget Adjustment 05-032 in the amount of \$1,876,300.

BACKGROUND:

The CMFA, CMCEA, CMPMA and CMPA had labor contracts that expired within the last few months. The City and the four employee associations have been negotiating on successor MOUs during that period and have successfully concluded the process by reaching tentative agreements on three-year contracts. Part-time staff have not received a salary adjustment since 2002.

Also, in light of the proposed adjustments to compensation as recommended for both represented and non-represented personnel, Mayor Monahan requested that staff prepare the necessary documents for City Council consideration of an adjustment to its own compensation. Salaries for members of the City Council were last adjusted in 2002 and are governed by State law. Attached Ordinance 04-__ would allow for an increase of up to a maximum of 15% to the salaries of the City Council that would not go into effect until the

new Council terms begin after the next general election in 2006. There is no staff recommendation as to a specific percentage adjustment.

ANALYSIS:

Salaries for City employees have fallen behind the labor marketplace over the past few years due, in part, to numerous budgetary concerns/issues. The salary situation has caused the City to experience some recruitment and retention problems. The City acknowledged that it was not in a financial position to bring all salaries to the average/median within the marketplace at this time. However, in a concentrated effort to return the employees to the fair wage definition within the marketplace during the contract terms, City Council granted staff the authority to consistently apply a methodology to calculate salary adjustments for all employee groups. This methodology included the following:

- 1) For the first year of each contract (and the current year for non-represented employees), the adjustment would be the average/median fair wage in the marketplace less three (3) percent. The results of this calculation are summarized in Attachment 1 and range from 0% to 10.6%.
- 2) For the second year of the contracts, the City will adjust salaries utilizing a revised total compensation calculation and/or a revised definition of affordability. The adjustment will be the greater of: 1) the average/median fair wage increase less two (2) percent, or 2) affordability.
- 3) For the third year, the adjustment will be the greater of: 1) the average/median fair wage, or 2) affordability.

The affordability factor has been an independent barometer of the economic condition of the City. Incorporated within the MOUs is an agreement that the four associations will meet together with the City to mutually develop a redefinition of "affordability" that will be applied in the salary-setting process, and to mutually examine the elements of "total compensation." This process shall take place between January 1 and June 30, 2005.

ALTERNATIVES CONSIDERED:

The parties to the agreements considered a wide variety of issues in the context of their negotiations and these MOUs represent the successful conclusion of the legal process defined by California Government Code Section 3500 et Seq. No other alternatives needed to be considered as a result of this good faith bargaining process.

FISCAL REVIEW:

The estimated annual cost for all funds, for implementing the salary adjustments is \$3.290 million including \$2.418 million for salaries and approximately \$872,000 for benefits. For Fiscal Year 2004-05, the estimated budget impact is \$2.626 million for all funds. The General Fund adopted budget for Fiscal Year 2004-05 includes a \$750,000 appropriation towards potential market salary adjustment for all employees. The balance of \$1.876 million will be funded by the undesignated balance in each affected fund, as appropriate. Of the total additional appropriations required, approximately 96% or \$1.812 million will be appropriated from the General Fund available, undesignated fund balance.

Budget adjustment BA#05-032 (Attachment 2) appropriates the available, undesignated fund balances to the various departments' operating budget.

LEGAL REVIEW:

Legal counsel Steven Filarsky, who the City utilized for the negotiation process, has reviewed the final MOU documents as appropriate. Additionally, the City Attorney has reviewed the resolution documents and approved them as to form. The memberships of CMFA, CMCEA, CMPMA, and CMPA have also ratified the tentative agreements pursuant to California Government Code Section 3500 et Seq.

CONCLUSION:

Staff recommends that the City Council approve the successor MOUs and Salary Resolutions for CMFA, CMCEA, CMPMA, and CMPA (Attachments 4 - 11); adopt the Salary Resolutions for non-represented classifications (Attachments 12 - 13); make the effective dates retroactive for the salary adjustments to those indicated above; and approve the resulting budget adjustment. Staff has also prepared a proposed ordinance increasing City Council salaries for the first reading.

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Acting Administrative Services Director

MARC R. PUCKETT
Director of Finance

KIMBERLY HALL BARLOW
City Attorney

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City Attorney
Deputy City Clerk
Finance Director
Acting Administrative Services Director

ATTACHMENTS: 1 [Summary of Salary Adjustments](#)
2 [Budget Adjustment #05-032](#)
3 [Ordinance 04-_____ City Council](#)
4 [Memorandum of Understanding - CMFA](#)
5 [Memorandum of Understanding - CMCEA](#)
6 [Memorandum of Understanding - CMPMA](#)

- 7 [Memorandum of Understanding – CMPA](#)
- 8 [Salary Resolution 04 - CMFA](#)
- 9 [Salary Resolution 04 - CMCEA](#)
- 10 [Salary Resolution 04 - CMPMA](#)
- 11 [Salary Resolution 04 - CMPA](#)
- 12 [Salary Resolution 04 - Executive](#)
- 13 [Salary Resolution 04 - Part-Time](#)