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MINUTES OF THE REGULAR MEETING OF THE COSTA MESA CHARTER COMMITTEE

November 13, 2013

1. CALL TO ORDER

The meeting was called to order at 6:00 p.m. in the Emergency Operations Center, at Costa Mesa City Hall, 77 Fair Drive, Costa Mesa, California.

PRESENT: FACILITATORS: Dr. Kirk Bauermeister, Dr. Mike Decker
CHARTER COMMITTEE MEMBERS: Ron Amburgey, Brett Eckles, William Fancher, Thomas Graham, Gene Hutchins, Kerry McCarthy, Mary Ann O'Connell, Henry Panian, Tom Pollitt, Lee Ramos, Andrew Smith, Kevin Tobin, Harold Weitzberg
LEGAL COUNSEL: Kimberly Hall Barlow, Yolanda Summerhill

ABSENT: William Fancher, Kimberly Hall-Barlow, and Mary Ann O'Connell
Brett Eckles arrived at 7:30 P.M.

2. PLEDGE OF ALLEGIANCE - Dr. Bauermeister

3. MOMENT OF SILENCE – Dr. Bauermeister

4. WELCOME - Dr. Bauermeister

5. PUBLIC COMMENTS

James Bridges, Costa Mesa, commented on Council Members Compensation.

6. REVIEW OF MINUTES

MOTION/SECOND: Committee Member Pollitt/Committee Member Graham.

The minutes of the October 9, 2013 and October 23, 2013 Charter Meetings were approved.

7. MEETING SUMMARY

Dr. Bauermeister stated that the Meeting Summary would be reviewed later on the Agenda.

8. CHARTER ISSUE

DISCUSSION ON COMMITTEE TIME SCHEDULE

Legal Counsel Summerhill reviewed the proposed timeline to add a Charter measure on the ballot.

Dr. Bauermeister stated that when the Charter document is complete the Committee will vote on the final document.

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Committee Member Comments regarding the proposed timeline:

- The Committee should have the final document of the Charter completed by March 12, 2014 or sooner.
- Would like to have the final Charter document completed by February 26, 2014, which then will give the Committee a chance to fully review the document.
- There is no need for a hard deadline.

Consensus: The Committee will use the proposed time schedule as a tentative timeline.

CITY COUNCIL MEMBER PENSIONS

Committee Members comments regarding pensions:

- Is there a middle ground that would allow the current City Council to keep their pensions but not allow future Councils to have pensions?
- Legal Counsel Summerhill responded that it would be costly for the City to modify the current City Councils pensions but for future Council Members pensions can be removed.
- Future City Council Members should not receive a pension.
- In a defined benefit plan the City is always responsible.
- Offering a pension is not going to make a difference on the quality of person that runs for the City Council.
- Financial considerations are not why people run for office.
- Council Members spend a great amount of time working and they should be compensated.
- Recommend for the City Council to decide whether or not to keep pensions.
- The pension system is broken, it is a statewide public issue, it is not a Charter issue.

Consensus: (8 Ayes, 2 Noes): To include the language: Except those City Council Members vested under the Public Employers' Retirement System, no future City Council Members shall be eligible to receive a pension payable by the City.

Ayes: Committee Members: Amburgey, Graham, Hutchins, McCarthy, Panian, Ramos, Smith and Weitzberg.

Noes: Committee Members: Pollitt and Tobin.

Absent: Committee Members: Eckles, Fancher, and O'Connell.

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Committee Member comments regarding health benefits:

- Not against Council Members receiving health benefits but against allowing Council Members to cash out their health benefits.
- Council Members should not be able to cash out healthcare benefits.
- The Council Members should receive a monthly stipend or a salary instead of varied amounts of compensation.
- Allow Council Members to purchase the City plan.
- Support health benefits as Council Members should be healthy to carry out their job duties.
- Provide a cafeteria plan.
- Being a Council Member is a public service choice. It is a volunteer position not a full-time employee position. Pay monthly stipend only; no health care and no pension.
- The Council Members compensation should be easily understandable for the public.
- Needs to be stated in the Charter.
- City Council compensation should be simple and understandable to the public.
- Pay monthly stipend only.

Straw Poll: (8 Ayes, 2 Noes) The City to provide healthcare benefits.

Ayes: Committee Members: Amburgey, Hutchins, McCarthy, Panian, Pollitt, Ramos, Tobin and Weitzberg.

Noes: Committee Members: Graham and Smith.

Absent: Committee Members: Eckles, Fancher, and O'Connell

Committee Member comments regarding Council Member Compensation:

- Provide a fixed amount for the Council Members.
- Council Member compensation should not be in the Charter; it should be a recommendation to the City Council.
- Tie a base figure to an index.
- The City Council should decide the figure.

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- Council Member compensation should be included in the Charter as it is a part of the Costa Mesa government.
- No need to change compensation and benefit package.
- Dr. Decker suggested addressing the Council Members as “elected officials” as opposed to employees.
- What is the objective in lowering the pay for the Council Members?
- The Charter needs to be very clear for the people to know the compensation package for Council Members.

Committee Member Eckles arrived at 7:30 p.m.

- The Council Members should be compensated just like the Members of the planning commission.
- Legal Counsel Summerhill commented that the Council Members are considered as employees because the federal government has defined them as being employees.
- Recommend a figure to the Council Members, maybe half the salary of the average Costa Mesa resident.

Consensus: (10 Ayes, 1 Noes) To include the language: Elected officials are entitled to a fixed stipend of XX dollars per month. (Dollar amount to be determined).

Ayes: Committee Members: Amburgey, Eckles, Graham, Hutchins, McCarthy, Panian, Pollitt, Ramos, Smith, and Weitzberg.

Noes: Committee Member Tobin.

Absent: Committee Members: Fancher and O'Connell

Break: 7:40 p.m. – 7:50 p.m.

FINANCIAL: ANNUAL BUDGET

Consensus: (11 Ayes, 0 Noes): No change to the current annual budget process.

Ayes: Committee Members: Amburgey, Eckles, Graham, Hutchins, McCarthy, Panian, Pollitt, Ramos, Smith, Tobin, and Weitzberg.

Noes: None.

Absent: Committee Members: Fancher and O'Connell

DRAFT**FINANCIAL: ANNUAL AUDITS**

Consensus: (11 Ayes, 0 Noes): No change to the current annual budget process.

Ayes: Committee Members: Amburgey, Eckles, Graham, Hutchins, McCarthy, Panian, Pollitt, Ramos, Smith, Tobin, and Weitzberg.

Noes: None.

Absent: Committee Members: Fancher and O'Connell

FINANCIAL: RESERVE REQUIREMENTS

Committee Member comments regarding Reserve Requirements:

- The California Constitution does not allow acquiring debt, however with 3% at 50 California is in debt which violates the Constitution.
- In 2010 the City reserves were less than 5 million which is not enough in case of an emergency, recommend 50%.
- Reserves are important and they should have a threshold.
- The concept of a reserve is to have money in case of an emergency.
- Reserves could be used for opportunities.
- In surplus years have a percentage of net income for reserves.
- When there is a surplus, 10% can be used to pay towards the unfunded liability and 50% can be put into the reserve.
- It is good to have a targeted number that is not specific but gives the Council an idea of what the reserve number should be.
- Leave alone, do not micromanage.
- Uncomfortable putting a formula in the Charter.
- Need to have guidelines in the Charter.
- Supports the City Council to put XX amount of surplus into reserve.

Comment from the public: At a recent meeting Tom Hatch spoke on reserves and a proposal for next year that would provide a minimum of 1% for reserves.

Consensus: (7 Ayes, 4 Noes): To have reserve requirements language in the Charter

Ayes: Committee Members: Amburgey, Eckles, Hutchins, Ramos, Smith, Tobin, and Weitzberg.

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Noes: Committee Members: Graham, McCarthy, Panian, and Pollitt.

Absent: Committee Members: Fancher and O'Connell

Additional Comments regarding Reserve Requirements:

- When there is a surplus the City will have a reserve requirement of no less than 2% going towards the reserve and no less than 10% going towards the unfunded liability.
- Keep it simple and not get into the details.
- Remember to look at revenues and expenses.
- Potential to do more harm depending on the wording
- Need to pay down debt, but a surplus can go into reserves.
- Reserve is a priority.

Dr. Bauermeister summarized that the Committee Members seem to agree that language on reserves should be included in the Charter, and suggested for homework to submit language on reserves for the next Charter Meeting.

PERSONNEL: UNION PARTICIPATION

Committee Members comments regarding Union Participation:

- Pursuant to California Code 3502, City employees shall have the right to refuse to participate in the activities of an employee organization and shall have the right to represent themselves individually in their employment relations to the City.
- Need to establish something new in the Charter, not reuse language that may take away the desire of a Charter.
- Would like to know all of the other options before a decision is made.
- May want to include a general statement.
- Supports maximizing choices in the future for the things that the Committee does not know will happen.
- There are no advantages to putting in a clause that has no affect.

Consensus: (5 Ayes, 6 Noes): City employees shall have the right to refuse to participate in the activities of an employee organization and shall have the right to represent themselves individually in their employment relations to the City.

Ayes: Committee Members: Amburgey, Eckles, Hutchins, McCarthy, and Smith.

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Noes: Committee Members: Graham, Panian, Pollitt, Ramos, Tobin, and Weitzberg.
Absent: Committee Members: Fancher and O'Connell

Dr. Bauermeister stated that the next Charter Meeting will begin with Committee Member Panian's presentation regarding property tax inequity.

Homework: Anything on reserve requirements, staff flexibility, and any of the categories under The City of Bell issue.

9. INFORMATION REQUESTS**10. AGENDA BUILDING FOR December 11, 2013**

Consensus of the Committee for the following topics to be on the December 11, 2013 agenda: Call to Order; Pledge of Allegiance; Moment of Silence; Welcome; Public Comments; Review of Minutes; Meeting Summary; Charter Issue: Presentation by Hank Panian on Property tax inequity; Unfunded pension liabilities; Governance: Compensation of Council Members and Benefits; Financial: Financial reserves and Property tax equity; Communications received from Committee Members; Information Requests; Agenda Building; Committee Member Comments and Adjourn.

11. COMMITTEE MEMBER COMMENTS

Committee Member Weitzberg wished a happy Hanukkah to everyone.

Committee Member Eckles thanked Committee Member Panian for all the hard work put into the documents that were provided regarding the property tax inequity.

Committee Member Amburgey commented that the meetings are great and the discussions are enjoyable.

Committee Member Pollitt also thanked Committee Member Panian for his hard work.

Committee Member Panian commented that the discussion has been great.

Committee Member Hutchins noted that the Pension Committee Meeting with CalPERS will be on Wednesday November 20, 2013 at 2:00 p.m.

Committee Member Smith congratulated Committee Member Ramos on his declaration for candidacy of City Council.

Committee Member McCarthy thanked everyone for coming to the meetings prepared with their homework done.

12. ADJOURNMENT at 9:04 P.M.