

COMMUNICATIONS
FROM CHARTER
COMMITTEE MEMBERS

Communications received regarding Outsourcing.

1. The City shall have the option to outsource jobs whenever a council majority deems it is legal, feasible and more efficient to do so.
2. This proposed Topic was not covered during the 8 January meeting and is number one on the Topics list for the 22 January meeting. I believe the Charter should allow future councils the opportunity to contract out for services related to municipal affairs. I also believe that the language we have settled on to date in "Public Contracting" and "Prevailing Wage" does not specifically address this. It does seem to be covered in "Powers" in that the City's powers would be restricted only by the State Constitution, but in the interest of being clear to the voters I feel we should specifically state something to the effect:

"The City shall have the power(s) to contract out for any services unless limited by the Constitution of the State of California"

I ask that council provide analysis and propose language to allow the City to be exempt from California Government Code 37103 and 53060 (Special Services Statutes) for our consideration

3. I believe that whenever possible OUTSOURCING of services should be considered as a prudent way to manage the resources of Costa Mesa. There should be a periodic review of the City's operations and services to assure that process that serve the residents are done in the most expeditious and financially responsible manner.

Communications received regarding City Owned Land.

1. Any land owned by Costa Mesa is a very valuable and non-replaceable asset. More than a simple majority vote (unanimous) of the City Council should be required for the sale or acquisition of any land.

Communications received regarding Unfunded Pension Liability.

1. I suggest that the City Council consider issuing certificates of participation, which do not require a vote of the people, that would cover the unfunded liability. Further, I suggest that the Council set aside a block of those certificates in the denominations of \$5000 and \$10,000 for local citizens to buy and invest in the city's future. The city's treasurer could figure out the details of such a proposal.

Communications received regarding Reserves/Preamble.

1. We have to date decided to include language stating that future Councils should grow and maintain adequate reserves in our Preamble. To increase the impact and seriousness of this concept I propose language in the Preamble to the effect that:

"The City recognizes that without such fiscal responsibility and prudent stewardship of public funds, including the maintenance of substantial reserves, it cannot serve and protect the interests of its Citizens. As such the City will hold these principals as its primary function and obligation"

2. While I strongly support the statement about reserves that we developed during the January 8 meeting, I believe it is more appropriate put it in the body of the Charter, rather than the preamble. The preamble should be reserved for the "guiding principles" for the management of Costa Mesa, and the preamble language developed prior to January 8 already says "fiscal responsibility and the prudent stewardship of public funds is (are?) essential for confidence in government"
3. I also added "a major financial liability" to the list of "significant unexpected events". The reserve could be used to cover a major liability such as the \$200 million plus unfunded liability the City is now facing or a significant law suit that the City loses. Also, there is no objection to the City Council using a City Ordinance to explain/describe the mechanics of how this Reserve works. My concern was / is that the Reserve be a specific provision within the body of the Charter pointing out that it is for major events (not to cover over spending) a serious matter.

The requirement that a minimum reserve be 50% of the City's General Fund gross revenue has been deleted along with the time line for the amount in the Reserve to be achieved. Also, the text was re-arranged to make it clear that all matters related to the Reserve are determined by a super-majority of the City Council. Also, the title "Major Contingency Reserve" is proposed to replace "Cash and Cash Equivalent Reserves", to better reflect the purpose of the Reserve. Also, the description of the funds of "highly marketable and safe securities" and "types of securities allowed by law" was added to the text to replace "cash equivalent" that was removed from the title.

Kerry McCarthy was very concerned about who determines how the Reserve works. She was concerned that the language does not block the City Council and effectively require voter approval to set up and use the Reserve. I hope the re-arranged text makes it clear that a super-majority of the City Council controls all aspects of the Reserve.

Due to Kerry's concern about the language, and that she is a lawyer, I have copied her on this e-mail. She can weigh-in on her earlier concerns if she wishes. I hope she is comfortable with the new and re-arranged text.

Communications received regarding Employee Retirement Benefits

1. If for some reason COIN cannot be made part of the proposed Charter, it seems to me that we should consider reducing or eliminating Council power as respects any increase in the future obligations of the Taxpayers beyond the current ability to pay for these obligations. Because the City is required to balance its budget annually, and using the example of council increasing Retirement benefits for City employees, the taxpayers are obliged to a future payment responsibility without having the requirement of a two thirds vote as required by Proposition 13 for the issuance of municipal debt. As we have seen in the recent past, a simple majority of the council obliged the taxpayers to make tens of millions of dollars in future payments, not at all unlike the issuance of a Bond. This is too much power in the hand of two few without at least a process like COIN and amounts to obliging the taxpayers without their consent if such obligations cannot be funded from the current budget.
2. No action increasing any employee retirement benefits, other post employment benefits or employer contributions including post retirement health benefits shall be adopted without the assent of the majority of the voters voting for such an ordinance at a general election at which the ordinance is submitted to the registered voters of the city.

Communications received regarding COIN

1. Comments were made at the last meeting about making the Civic Openness in Negotiations (COIN) part of the Charter. In light of the Committee consensus on Transparency I feel this concept deserves discussion and would like an option from council on this.

PROPOSED CITY CHARTER MEETING TOPICS

DATE	TOPIC	HOMEWORK/Info
January 22	Unfunded Pension Liabilities Outsourcing COIN City Owned Land Preamble Review Document	Review Preamble and Document
February 12	Left over agenda items from 1/22 Finalize and vote on Preamble and Charter Document	Review Preamble and Document
February 26	Finalize and vote on Preamble and Charter Document	
March 12		
March 26		
April 9		

1/13/14

*If the Unfunded Pension Liability has a proposal done.