

REGULAR AJOURNED MEETING (STUDY SESSION) OF THE

**CITY COUNCIL
CITY OF COSTA MESA**

October 11, 2011

The City Council of the City of Costa Mesa, California met in a Regular Adjourned Meeting (Study Session), on Tuesday, October 11, 2011 at 4:30 p.m. in Council Chambers, 77, Fair Drive, Costa Mesa. The meeting was called to order by the Mayor.

ROLL CALL:

Council Members Present: Mayor Gary Monahan
Council Member Eric R. Bever
Council Member Wendy Leece
Council Member Steve Mensinger

Council Members Absent: Mayor Pro Tem Jim Righeimer

Officials Present: CEO Tom Hatch
Interim Assistant CEO Peter Naghavi
Finance/IT Director Bobby Young
Interim Public Services Director Ernesto Munoz
City Attorney Thomas Duarte
City Clerk Julie Folcik

I. PUBLIC COMMENT

1. Judi Berry, Costa Mesa
2. Colin McCarthy, Costa Mesa
3. Robin Leffler, Costa Mesa
4. Eleanor Egan, Costa Mesa

II. ITEMS FOR DISCUSSION

1. Public Employees Retirement System (PERS) Update Presentation

Mayor Monahan announced the availability to view this presentation on the City's website. CEO Hatch introduced the presentation and John Bartel.

Finance/IT Director Bobby Young gave an overview of the presentation. Mr. Bartel provided slides showing current pension plans with PERS for Police, Fire

and Miscellaneous employee units. Mr. Bartel explained the charts for plan funded status, contribution rate schedules and projections for Police Fire and Miscellaneous. The Fire Safety Side Fund was presented. Mr. Bartell suggested the City concentrate on paying down the Fire Safety Side Fund due to the certainty of costs minus the volatility of other pension funds.

The City's pension payment is based on a percentage of active payrolls and Mr. Bartell went on to explain that the pension contribution rate projections provided do not reflect the five percent paid by employees. PERS market value investment returns and the unmodified amounts were presented. Mr. Bartel gave examples of cost saving formulas for Tier Two employees hired at a two percent at sixty pension benefit assuming a normal payroll growth over ten years. Mr. Bartel stated that a second tier of pension benefits is considered a long term goal for cost savings whereas, short term cash savings is obtained by employees paying some or all of or their pension costs. Mr. Bartel also suggested the City set up an affordable and reasonable time frame of not less than twenty years to payoff the unfunded pension liability.

Discussion ensued on mortality rates, PERS investments, the effects of a lower payroll on the City's pension obligation and increasing the City's payment to PERS to lower the unfunded pension liability.

CEO Tom Hatch, Finance/IT Director Bobby Young and Mr. Bartel responded to questions from Council Members.

EMPLOYEE OF THE MONTH

The City Council will review applications for Employee of the Month. If a selection is made, a presentation will be made at a future City Council meeting.

III. COUNCIL MEMBERS REPORTS, COMMENTS, AND SUGGESTIONS

There were no Council Comments made.

IV. ADJOURNMENT

The Mayor declared the City Council meeting adjourned at 8:10 p.m. The next Regular Meeting will be held Tuesday, October 18, 2011.