

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

2. PLEDGE OF ALLEGIANCE - Dr. Bauermeister

3. MOMENT OF SILENCE – Dr. Bauermeister

4. WELCOME - Dr. Bauermeister

5. PUBLIC COMMENTS

James Bridges, Costa Mesa, commented that it is important that the Committee discusses the topic of City Council 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 decided to move the meeting summary to number nine on the agenda.

8. CHARTER ISSUE

DISCUSSION ON COMMITTEE TIME SCHEDULE

Legal Counsel Summerhill reviewed the proposed timeline with the Committee Members.

Dr. Bauermeister stated that when the Committee is done creating the Charter they will be able to vote on the final document.

Committee Member Comments regarding the proposed timeline:

- The Committee should have the final document of the Charter completed by March 12, 2014.
- The Committee should be working on the project not the clock.
- 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 does not need to be a hard deadline.
- The Committee will use the proposed time schedule as a tentative timeline.

CITY COUNCIL MEMBER PENSIONS

Dr. Bauermeister stated that the Committee can either modify the City Council pensions or leave them as is.

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 commented that it would be costly to the City to modify the current City Councils pensions but the 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.
- Should not be able to cash out healthcare benefits.
- The pension system is broken regarding the City Council Members.

Consensus: (8 Ayes, 2 Noes) Not giving future Council pensions.

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

The Committee agreed to revisit the topic of health benefits.

Committee Member comments regarding health benefits:

- Not against Council Members receiving health benefits but against Council Members cashing out their health benefits.
- The Council Members should receive a monthly stipend or a salary instead of varied amounts of compensation.
- No problem with Council Members purchasing the City plan.
- Like to see the Council Members healthy because it will help them carry out their jobs better.
- It should be simple and understandable to the public what the City Councils compensation is.

Consensus: (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 Compensation:

- Provide a fixed amount for the Council Members.
- This topic should not be part of the Charter; it should be part of the recommendation to the Council Members.
- Tie a base figure to an index.
- The City Council should choose the figure.
- This topic needs to go in the Charter because it is a part of the Costa Mesa government.

Dr. Decker suggested to the Committee Members that they address the Council Members as elected officials as opposed to employees.

- What is our objective in lowering the pay for the Council Members?
- The Charter needs to be clear for the people to know what a Council Member makes.

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) Elected officials are entitled to a fixed stipend of XX dollars per month.

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) The City to keep the current process for Annual Budgets.

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: ANNUAL AUDITS

Consensus: (11 Ayes, 0 Noes) The City to keep the current process for Annual Audits.

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 disallows incurring debt yet California is in debt which violates the constitution.
- Reserves are important and they should have a threshold.
- Reserves could be used for opportunities.

- Recommendation for language would be that when there is a surplus, 10% can be used to pay towards the unfunded liability and 50% can be put away for 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.
- Like the idea that the City Council should put XX amount of surplus into reserve.

Comment from the public: I went to many discussions yesterday and one of which was a discussion about the capital improvement program and how to spend budget surplus. As part of that process Tom Hatch talked about the way that the reserves were drawn down, they were at about \$70 million and when the economy went south they were at about \$33 million and that was compartmentalized. There was 14.125% that could not be touched; that's an emergency reserve or a rainy day fund. During that conversation; the reason I wanted to say this to you is because he was going to propose to the Council that they codify in their budget starting next year a minimum 5% of the budgeted amount of capital improvements and a minimum of 1% for reserves.

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

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

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

Absent: Committee Members: Fancher and O'Connell

- 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.
- We should keep it simple and not get into the details as much.
- Need to remember to look at revenues and expenses.
- Why don't we bring back proposed language?

BIG IDEA: Putting part of the surplus into reserves.

Dr. Bauermeister suggested that the Committee Member bring language on surplus to the next Charter Meeting.

PERSONNEL: UNION PARTICIPATION

Committee Members comments regarding Union Participation:

- Pursuant to California Section 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 things 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 use a general statement, in case this issue comes up in the future.
- Like the idea of 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.

Noes: Committee Members: Graham, McCarthy, Panian, Pollitt, Ramos, 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; Financial: Financial reserves and Property tax equity; Personnel: Staff Flexibility 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.

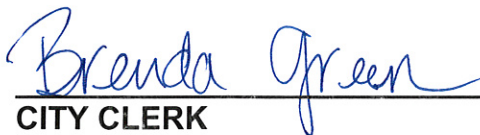
Committee Member Panian commented that the discussion has been great.

Committee Member Hutchins noted that the Pension Committee Meeting with CalPERS will be on Wednesday 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.



CITY CLERK