

Costa Mesa Pension Oversight Committee

Council Report Outline – September 18, 2013

1) Introduction

- a. When and how committee was created
- b. Mission
- c. Purpose of Report
- d. Website resources

2) Definition of Terms

- a. Police, Fire, Miscellaneous
- b. PERS, OPEB, Nyhart
- c. 2%@50, EPMC, COLA, PPPA, etc

3) How did we get here

- a. 1999 CA law changes. Miscellaneous was 2%@55, safety was 2%@50.
- b. Safety increased to 3%@50 circa 2000. Miscellaneous increased to 2.5%@55 in 2008
- c. Current \$196M unfunded PERS, \$34M unfunded OPEB, \$230M total.
- d. Current City and employee contributions

4) What committee has done so far. Future plans

- a. Reviewed all 3 PERS plans and Fire Side fund
- b. Reviewed Retiree Medical plan
- c. Performed various analyses
- d. Reviewed laws: PEPPRA and bankruptcy
- e. Keeping current with pension news in local cities and across the United States
- f. Upcoming
 - i. COIN
 - ii. Kim Barlow, Irvine, Legal
 - iii. PERSable compensation
 - iv. PERS and Nyhart actuaries

5) Current legalities

- a. California Constitution "A bill of attainder, ex post facto law, or law impairing the obligation of contracts may not be passed."
- b. PEPPRA
- c. Bankruptcy

6) Findings and Recommendations/Options

- a. California control
 - i. PERS is not sustainable. California must enact a sustainable solution, perhaps a PEPPRA-like law for ALL employees
- b. Costa Mesa control
 - i. Continue paying PERS annual rate increases and pay-as-you-go retiree medical
 - ii. Pre-pay PERS annual contribution. Annual savings from \$150K to \$575K at 7.5%
 - iii. Pay reserves (2012-13 = \$500K; 2013-2014 = \$550K) to PERS to reduce unfunded liabilities. And/or towards Retiree Medical.
 - iv. Amortize \$230M unfunded liability. Approximately \$15M per year for 30 years.
 1. Reduce city services. Cut general fund budget 15%
 2. Pass a 0.40% add-on sales tax
 3. 500 city employees contribute an additional \$30,000 each per year
 4. Pass a \$105 add-on property tax per \$100K valuation
 5. Pass a \$600 parcel tax