



CITY OF COSTA MESA

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FROM THE OFFICE OF THE DIRECTOR OF COMMUNICATIONS

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City of Costa Mesa leaders volunteer to pay 39% of their pension costs, one of the highest employee contributions in the state

COSTA MESA, CALIF.—The top leaders for the City of Costa Mesa have volunteered to pay 39% of their pension costs—the highest rate possible—saying they need to set the example of contributing their full retirement share to help insure the city’s finances are sustainable. The employee contribution will be one of the highest in California for public workers.

“We don’t know of any city in the state where public employees are contributing this high of a percentage to their pensions,” Mayor Gary Monahan said. “It makes me very proud that Costa Mesa’s leadership team is leading the way when it comes to pension reform. This is a landmark for Costa Mesa and its residents.”

The move to increase pension contributions will affect eight city executives, including Chief Executive Officer Tom Hatch, Assist. Chief Executive Officer Rick Francis, Economic Development Director Peter Naghavi, Police Chief Tom Gazsi, Finance Director Bobby Young, interim Public Services Director Ernesto Munoz, and interim Development Services Director Khanh Nguyen.

Interim Fire Chief Tom Arnold is not paying into the retirement system and will be unaffected, but his successor will pay his or her full pension share.

The estimated annual taxpayer savings from the increase contributions, including the fire chief’s share, is more than \$50,000.

Non-public safety executives are currently paying 31.49% their pension costs. The contribution increase will go into effect as soon as it’s approved by the City Council, likely at its Feb. 7 meeting.

Police Chief Gazsi currently pays 11.61% of his pension costs (as do other Costa Mesa police officers), with the City picking up the remaining 88.39%. Police officers are allowed to pick up 48.633% of the cost of their pensions. Gazsi and CEO Hatch are currently working on a plan to move the police chief toward this maximum contribution level.

When hired, the new fire chief will immediately begin paying 49.32% of the cost of his or her pension, if the City Council approves the increase in employee contributions. Currently, the fire chief would be paying 12.92% of his pension costs, with the City would be picking up the remaining 87.08%).

Recently, due to an expired clause of a labor agreement, Costa Mesa firefighters (excluding battalion chiefs) dropped from paying 12.92% of their pension costs to paying 2.15%. The City now pays 97.85%. In real terms, the firefighters now pay \$103,000 annually to their pensions, and the city pays \$4.7 million.

In recent negotiations, the City has asked the firefighters to pay the 29.92% of their pension costs.

“Our leadership team felt like we couldn’t be asking employees to make their full pension contribution unless we did it first,” said Chief Executive Officer Tom Hatch. “In these times, it was the right thing to do for our City and its residents.”