



CITY OF COSTA MESA

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FROM THE OFFICE OF THE INTERIM DIRECTOR OF COMMUNICATIONS

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Fact Check #4: Proposal for City Hall repairs is not part of the budget

COSTA MESA, CALIF.—In its continued effort to provide more clarity on city budget matters, the City of Costa Mesa’s Fact Check offers some context and corrections to recent “Waste Watcher” e-mails published by the Orange County Employees Assn.

Orange County Employees Assn. Statement No. 1: “While saying they had to lay off 213 workers because they are ‘out of money,’ they did it despite moving forward with more than \$7 million budgeted to pay for cosmetic upgrades to City Hall. After we pointed out their misplaced priorities, City leaders told us the makeover was ‘not funded.’ But feast your eyes on the proposed budget released by the City last week. According to the official budget, millions in new paint and carpet is still planned!”

Fact Check: The proposed City Hall remodeling project has never been part of any budget, including the preliminary 2011-2012 budget.

The needed facelift is included in a proposed and unfunded 7-year capital improvement program—a wish list of City’s capital needs—that routinely has been attached to Costa Mesa’s annual budget document as an informational item. Other unfunded capital projects on the list include improvements to streets, parks, and fire stations.

Also, the City Hall work is not cosmetic. It will include basic upkeep such as paint, carpeting, roof repairs and replacement of an aging heating and air-conditioning system. The \$2.2 million estimated for carpeting and wall finishes came from a consultant’s report published in the mid-1990s. The actual cost today is estimated to be about \$500,000, bringing the projected cost of the City Hall remodel to about \$5.3 million.

Orange County Employees Assn. Statement No. 2: “But somehow they managed to find the money for their \$7 million plan to remodel City Hall.”

Fact Check: Again, no money has been “found” to provide this basic upkeep for City Hall. The project remains unfunded and is not in the City’s 2011-2012 budget.

Orange County Employees Assn. Statement No. 3: “Did you know the City recently lost a \$6 million judgment for a traffic accident on Adams Ave.? Neither did we until the City let it slip out at Tuesday night’s budget meeting.”

Fact Check: In 2007, an Orange County jury awarded \$8.7 million to a man who sustained a brain injury in a 2005 traffic accident in Costa Mesa ([the case was covered by the Daily Pilot](#)). The City was responsible for \$5.7 million of the judgment. With the verdict on appeal, the City agreed in April 2010 to settle, paying \$1.7 million from its self-insurance fund. The rest of the settlement—about \$2 million—was covered by the City’s insurance carrier.

The old litigation was mentioned at a recent Council study session as an example of how Costa Mesa has kept its insurance rates low by self-insuring itself for the first \$2 million in claims brought against it, after which the insurance company’s coverage begins.

On a related note, Councilman Steve Mensinger last month directed staff to post any future legal settlements or judgments on the city’s website.

Orange County Employees Assn. Statement No. 4: “The City Council went hog-wild with taxpayers’ money, boosting the amount of one no-bid contract from \$25,000 to \$145,000.”

Fact Check: The contract in question calls for a consultant to serve as the City’s interim administrative services director. The amount paid to the consultant is considerably less than the salary and benefits budgeted for the vacant administrative services director position. In this case, the temporary use of a consultant has saved taxpayer money.

Orange County Employees Assn. Statement No. 5: “They’re continuing to spend money on cosmetic upgrades, such as \$8,000 for new carpet in the finance department.”

Fact Check: In 2010, before the current City Council was seated, about half of the finance department’s carpeting was damaged by a flood caused by a contractor. The contractor’s insurance paid to replace the water-damaged carpeting, and finance department used \$8,000 worth of savings in its 2009-2010 budget to replace the remaining worn-out carpeting.

Orange County Employees Assn. Statement No. 6: “What we didn’t know was they were feeding at the public trough – literally! ... The single largest recipient of City meals was the City Council, which received more than \$4,200 of taxpayer-paid meals at dinners and receptions. ... Charging taxpayers for meals while claiming they want to tighten their belts is just another example of Costa Mesa’s City Councilmen making taxpayers the biggest losers.”

Fact check: As a budget-cutting measure in 2010, the twice-monthly meals served for years before council meetings to council members and staff were stopped. The current council has never brought in meals paid for by taxpayers.