

SOLANA BEACH CITY COUNCIL
REDEVELOPMENT AGENCY AND PUBLIC FINANCING AUTHORITY

JOINT **SPECIAL** MEETING

MINUTES

WEDNESDAY, MARCH 3, 2010
5:30 P.M.

SPECIAL

The City Council acts as the City of Solana Beach Redevelopment Agency and the Public Financing Authority.

CALL TO ORDER AND ROLL CALL:

Mayor Campbell called the meeting to order at 5:30 p.m.

Present: Campbell, Heebner, Kellejian, Roberts, and Nichols.

Absent: None.

Also Present: David Ott, City Manager
Johanna Canlas, City Attorney
Leticia Fallone, Deputy City Clerk
Dennis Coleman, Finance Director
Wende Protzman, Dir. Admin. Serv./Deputy City Mgr
Tina Christiansen, Community Dev. Dir.
Mo Sammak, City Engineer/Public Works Dir.

FLAG SALUTE:

Dennis Coleman, Finance Director, led the flag salute.

APPROVAL OF AGENDA:

MOTION: Moved by Heebner and seconded by Kellejian. **Motion carried unanimously.**

ORAL COMMUNICATIONS:

This portion of the agenda provides an opportunity for members of the public to

address the City Council on items relating to City business and not appearing on today's agenda by submitting a speaker slip (located on the back table) to the City Clerk. Comments relating to items on this evening's agenda are taken at the time the items are heard. Pursuant to the Brown Act, no action shall be taken by the City Council on public comment items. Council may refer items to the City Manager for placement on a future agenda. The maximum time allotted for each presentation is THREE MINUTES (SBMC 2.04.190). Please be aware of the timer light on the Council Dais.

COMMUNITY ANNOUNCEMENTS:

COMMENTARY:

C. STAFF REPORTS:

Submit speaker slips to the City Clerk

C.1. Presentation on Public Employee Pension Benefits. (File 0520-50).

Recommendation: That the City Council

1. Receive presentation.

Mayor Campbell stated that the item tonight was informational, that it was regarding current issues effecting the pension status of the City, and that no decisions would be made at the meeting.

JoAnne Golden, Policy Manager, San Diego Taxpayers Association, presented a powerpoint. She provided council with handouts of the powerpoint presentation. She stated that there were two types of pension plans - a defined contribution plan and a defined benefit plan. She stated that many cities paid a portion of benefit fees for employee benefits, that CalPers had lost over 24% of its market value last fiscal year, that the shortfalls were placed on employers and employees in the form of higher rates, that employer paid member contributions should be eliminated, and that a second lower tier should be created for new hires.

Council discussion ensued with the speaker regarding a report that was issued in October, whether the report would be expanded to include other regional agencies, that there was a desire by the Taxpayers Association to review various additional agencies in the County, the funding of the Taxpayers Association which included individuals, non-profit organizations, and non-partisan organizations.

John Bartel, President of Bartel Associates, presented a powerpoint. He stated that the organization had worked with pension issues for over thirty years, that 99% of work was with public sector entities, and that he worked with retiree health care. He stated that CalPers had a rate smoothing policy to mitigate contribution fluctuation, that they were deferring contribution increases to 2013, and that the City participated in three risk pool plans with CalPers which included the Miscellaneous group, Fire, and Marine Safety plans.

Council and Consultant discussion ensued regarding the difficulty and cost for the City to be removed from CalPers, that the City was in the pool because there was less than 100 employees in each of the three pension groups, that the City had no choice in joining the pool status, that the City could not stay in CalPers without being in the pool, that the City could withdraw from CalPers and set up a separate pension plan for the City, and that the contribution rate was made up of the pool rate and the side fund rate.

Council and Consultant discussion continued regarding the City's inability to withdraw from the CalPers pool, that the City's employee count was not a factor once the City was part of CalPers, that money is owed to CalPers for the side fund which was created to account for the difference between the funded status of the City's plan and the funded status of the risk pool, that contribution mitigation strategies included paying off the entire side fund sooner or borrowing from another fund with lower interest to pay off the side fund, the reason for the 7.75% interest, and the pool contributions for Miscellaneous, Marine Safety, and Fire Groups.

Council and Consultant discussion ensued regarding other options for the City, that the addition of a second tier would not save the City a lot of money up front, the reason to consider adding a second tier, and determining appropriate benefit levels for employees.

Council discussion ensued regarding the City of Carlsbad, that they did not belong to the risk pools, that Carlsbad requested the Consultant evaluate the savings of a second tier, that the second tier did not result in short term budget savings for the City, that short term savings would include employees paying a larger portion to their pension benefits or paying a portion of the increase of the CalPers payment, and that Carlsbad did not have a side fund.


Lorn Cannon, Solana Beach Fire Fighter, asked the Consultant how much the Fire group rate would drop if the side fund was paid off the Consultant responded stating that it would drop by 13.8%.

David Ott, City Manager, stated that asset losses was a figure that everyone assumed, that there was more risk to the employer than the employee and that part of the risk belonged to CalPers.

Mayor Campbell stated that the purpose of the meeting was for information and questions and a follow up meeting could be arranged if future questions came up.

ADJOURN:

Mayor Campbell adjourned the meeting at 7:00 p.m.

A handwritten signature in black ink that reads "Leticia Fallon". The signature is written in a cursive, flowing style. Below the signature is a horizontal line.

Leticia Fallon, Deputy City Clerk

Approved: 06-23-2010