

Palos Verdes Estates Pension Ad-Hoc Committee Meeting
City Council Chambers
November 20, 2019

Attendance

Committee members Lozzi, Kempf, and Constant were present.

Stakeholders Desiree Myers (Resident), George Kay (Resident), Robert Parke (Resident), Dawn Murdock (Resident), Luke Hellinga (Executive Staff representative), Brianna Rindge (General Employee representative), Steve Beard (PSE Union representative) were present.

Stakeholder Charles Reed (POA Union representative) was absent

Staff members Karina Bañales and Sharon del Rosario were present.

Introductions

Pete Constant (RSI) made brief introductory remarks, then asked all attendees to introduce themselves and identify which stakeholder group(s) they each belonged to. As a first time attendee, Brianna Rindge provided an expanded introduction of herself. Brianna was given the opportunity to ask questions about the previous meetings. Councilmembers Lozzi and Kempf and Pete Constant answered these questions and provided brief summaries of some of the previously discussed topics. Several members of the public attended to participate in the meeting.

Opening Comments

Councilmembers Lozzi and Kempf each provided brief introductory comments. Pete Constant then provided a review of the stakeholder engagement process that began with unstructured brainstorming and will move towards analysis and developing recommendations.

Discussion of Prior Meetings and Handouts

The stakeholders briefly discussed the prior meeting summaries. Pete Constant then reviewed the synopsis of the pending supreme court cases then answered questions from committee members.

Pete Constant distributed summaries of other agency's approaches to addressing pension issues: Newport Beach, Placentia and Philadelphia:

- All of the cities within CalPERS experience the same types of pressures, if you look at the issue in percentage basis all the cities are fairly close. If you change the percentages to dollars the magnitude changes. The contractual relationship with CalPERS has the same limitation on the ability to change things that are similar.

- Some cities hire actuaries and that is what Newport beach did. (~hundred thousand dollars a year)
- Newport Beach started addressing this problem in 2013 and was very proactive and set up guiding principles for their budget and included pensions in the process. Staff driven process and they also had council presentation on every CalPERS evaluation.
- Most have addressed issues through a staff-driven process rather than stakeholder/resident driven processes like FAC and Pension Ad Hoc.
- Cities that have independent pension plans approach their pension issues in a different matter
- Corona did a very extensive process (staff driven approach)
- San Jose was a comprehensive fiscal reform plan that included budget, pension reform, and other strategies (staff driven approach)
- PVE has taken a very different approach to the problem at hand. They have more broken-down individual projects. Not an overarching goal that has been set by the staff themselves. There are several processes trying to reach the same end goal.
- Most have addressed issues through a staff-driven process rather than stakeholder/resident driven processes like FAC and Pension Ad Hoc.

Committee members discussed concerns about how we are going to come to a conclusion and a solution in such a short amount of time. Based on this discussion the group agreed to add a Jan 7th Ad Hoc Committee meeting date to the calendar of Ad-Hoc Committee Meetings.

Updates Since Last Meeting

Councilmembers Lozzi and Kempf discussed the FAC- Council meeting on 11-19-2019:

- 5- and 10-year baseline forecast
- FAC believes the city is relatively solvent for a few years and then will have some hard decisions to make. Pension issues are not the only problem that the city is dealing with.
- FAC is getting to a place where they can talk about all the issues at hand in a comprehensive manner.

Councilmember Kempf provided an overview of a conference call with GovInvest related to use of their web-based analysis tool. GovInvest utilizes raw data from CalPERS so that users can make various projections and calculations that CalPERS does not provide. They have more up to date data than PVE's valuation reports provide. This allows quick analysis of "what if" scenarios. This is a big asset to PVE if used to its full potential. GovInvest outputs can then be used in other programs like Excel, OpenGov, etc.

GovInvest utilizes a city finance expert consultant, Charlie Francis, who has extensive experience in municipal finance and creating strategies to address pension issues. He is available to consult on an as needed basis and is available to meet with our Ad Hoc Committee.

The committee then briefly discussed a strategy in which cities can choose to hire people who are PEPRAs eligible and not CalPERS classic members. There were a variety of concerns, such as:

- This could be considered discrimination
- People would not want to apply for these types of positions within the city
- It would hurt some of the younger employees and still create a divide within certain departments.

The Ad-Hoc Committee came to the consensus that this strategy is not worth pursuing.

The Ad-Hoc Committee then reviewed all Brainstorming Ideas. See separate spreadsheet for details.

Meeting Adjourned