



Agenda Item No. 11d.

Staff Report

Date: February 11, 2016
To: Mayor Katie Hoertkorn and Councilmembers
From: Joe Chinn, Town Manager
Subject: Modifying the CalPERS Amortization Bases for our CalPERS Plans

Recommendation

The Town Council approve the Town Manager forwarding the attached letter to CalPERS to modify the Town's CalPERS plans amortization bases.

Background and discussion

The Town of Ross has two retirement plans through CalPERS – a Safety Plan and a Miscellaneous Plan. With the current CalPERS valuation statements dated November 2015 the unfunded accrued liability (UAL) from both plans combined went from approximately \$3.7 million last year to \$3.27 million. CalPERS has a payment schedule in the Annual Valuation reports to pay off the UAL. CalPERS members are allowed to elect different periods than currently being used by CalPERS to fund the UAL. However, agencies are not allowed to increase the timeframe to more years once they chose a shorter timeframe.

Staff recommends changing the amortization bases being used to 20 years versus the current longer times to amortize the UAL. This change will take effect with Fiscal Year 2016-17 payments. By selecting 20 years, CalPERS estimates that the total interest costs to the Town will be reduced by \$188,244.

Staff is currently working on a plan to further fund a portion of the UAL early which will further reduce our interest costs. Staff will come back to the Council with that action in the next couple of months.

Fiscal, resource and timeline impacts

Approving this letter will significantly reduce the Town's long-term interest costs it pays to CalPERS. CalPERS estimate the savings in long-term interest payments to be \$188,244, of which \$171,453 is a reduction to the long-term interest payments to the Safety Plan and \$16,791 to the Miscellaneous Plan.

Alternative actions

Do not modify the Town amortization bases.

Environmental review (if applicable)

N/A

Attachment

- CalPERS Draft Letter

February 12, 2016

CalPERS Actuarial Office
Attn: Barbara Ware
P.O. Box 942709
Sacramento, CA 94229-2709

RE: Town of Ross Modifying Amortization Bases

Dear Ms. Ware:

The Town of Ross has elected to change the amortization schedule for our Safety Plan and Miscellaneous Plan both with CalPERS IDs 2755764312 to 20 years for all items (such as share of pre-2013 Pool UAL, Asset(Gain)/Loss, Non-Asset (Gain)/Loss, Assumption Change, etc.) that are currently ranging from 20 to 30 years in our June 30, 2014 valuations with a report date of November 2015. The Town Council voted to approve this change at a February 11, 2016, Town Council meeting.

Please provide the Town new schedules related to the new amortization bases. If you have any questions please email jchinn@townofross.org or call me at (415) 453-1453 x107.

Thank you for your assistance.

Sincerely,

Joe Chinn
Town Manager