



October 26, 2022

To: Mayor Ezzy Ashcraft and Members of the Alameda City Council

From: Margaret O'Brien, Finance Director

Re: Questions and Corrections re: November 1, 2022 Regular Agenda Item 7-G (Adoption of Resolution to Adopt the Revised Pension Rate Stabilization Program (PRSP) and Other Post-Employment Benefits (OPEB) Funding Policy)

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Since the publication of the staff report for the above mentioned item, staff received the following questions/comments for which responses and corrections are provided below.

**Question 1:** The second sentence of the background section does not appear to match the table.

**Staff Response:** *There are errors in the table shown in the Background section that summarizes actual CalPERS advance payments and pension and OPEB trust contributions since the PRSP and OPEB Funding Policy was initially adopted in October 2017. The corrected table has been reproduced below under "Actual Contributions."*

**Question 2:** If staff used the proposed formula, could the same table in the background section be prepared so that Council can see if the proposed formula would produce more or less pension payments from 2016 to 2022 and what impact would that have on reserves today?

**Staff Response:** *Please refer to the "Contributions per 2017 Policy" and "Contributions per Revised 2022 Policy" table below. Under the existing and proposed policy language there would be little impact to today's reserves. By asking Council to approve this new policy, staff is seeking to clarify the language in the policy to ensure consistent interpretation of the policy going forward.*

**Question 3:** Could the 3 column headings be further explained?

**Staff Response:** *The table headings are defined as follows:*

- **CalPERS Advance Payment:** *a discretionary payment made by the City to CalPERS in order to increase plan assets and thus reduce net pension liability.*
- **Pension Trust Contributions:** *payments made to a Public Agency Retirement Services (PARS) trust account that can only be used for allowable pension expenses.*
- **PARS Section 115 Trust:** *payments made to a PARS trust account that can only be used for allowable other post-employment benefits (OPEB) expenses.*

**Actual Contributions**

<b>Fiscal Year</b>	<b>CalPERS Advance Payment</b>	<b>Pension Trust Contributions</b>	<b>PARS Section 115 Trust Contributions</b>	<b>Total</b>
<b>2016-17</b>	\$ -	\$ -	\$ 250,000	\$ 250,000
<b>2017-18</b>	10,695,052	3,565,017	3,000,000	17,260,069
<b>2018-19</b>	6,142,000	2,047,172	500,000	8,689,172
<b>2019-20</b>	-	-	250,000	250,000
<b>2020-21</b>	5,000,000	4,000,000	250,000	9,250,000
<b>2021-22</b>	5,755,000	1,919,000	250,000	7,924,000
<b>Total</b>	<b>\$ 27,592,052</b>	<b>\$ 11,531,189</b>	<b>\$ 4,500,000</b>	<b>\$ 43,623,241</b>

**Contributions per 2017 Policy**

<b>Fiscal Year</b>	<b>CalPERS Advance Payment</b>	<b>Pension Trust Contributions</b>	<b>PARS Section 115 Trust Contributions</b>	<b>Total</b>	<b>Difference from Actual</b>
<b>2016-17</b>		\$ 250,000	\$ 250,000	\$ 500,000	\$ 250,000
<b>2017-18</b>	\$ 3,718,000	1,239,000	3,000,000	7,957,000	(9,303,069)
<b>2018-19</b>	-	-	500,000	500,000	(8,189,172)
<b>2019-20</b>	500	200	250,000	250,700	700
<b>2020-21</b>	5,038,000	1,679,000	250,000	6,967,000	(2,283,000)
<b>2021-22</b>	6,911,000	2,304,000	250,000	9,465,000	1,541,000
<b>Total</b>	<b>\$ 15,667,500</b>	<b>\$ 5,472,200</b>	<b>\$ 4,500,000</b>	<b>\$ 25,639,700</b>	<b>\$ (17,983,541)</b>

**Contributions per Revised 2022 Policy**

<b>Fiscal Year</b>	<b>CalPERS Advance Payment</b>	<b>Pension Trust Contributions</b>	<b>PARS Section 115 Trust Contributions</b>	<b>Total</b>	<b>Difference from Actual</b>
<b>2016-17</b>			\$ 250,000	\$ 250,000	\$ -
<b>2017-18</b>	\$ 1,333,607	\$ 444,536	3,000,000	4,778,143	(12,481,926)
<b>2018-19</b>	293,656	97,886	500,000	891,542	(7,797,630)
<b>2019-20</b>	91,041	30,347	250,000	371,388	121,388
<b>2020-21</b>	6,675,232	2,225,077	250,000	9,150,309	(99,691)
<b>2021-22</b>	7,260,873	2,420,290	250,000	9,931,163	2,007,163
<b>Total</b>	<b>\$ 15,654,409</b>	<b>\$ 5,218,136</b>	<b>\$ 4,500,000</b>	<b>\$ 25,372,545</b>	<b>\$(18,250,696)</b>