




CITY of CALABASAS
CITY COUNCIL AGENDA REPORT

DATE: MAY 11, 2022

TO: HONORABLE MAYOR AND COUNCILMEMBERS

FROM: KINDON MEIK, CITY MANAGER
RON AHLERS, CHIEF FINANCIAL OFFICER 

SUBJECT: CONSIDER CITY'S PENSION UNFUNDED ACCRUED LIABILITY (UAL)
OF \$9.1 MILLION

MEETING DATE: MAY 18, 2022

SUMMARY RECOMMENDATION:

Staff is seeking direction from the City Council regarding the City of Calabasas (City):

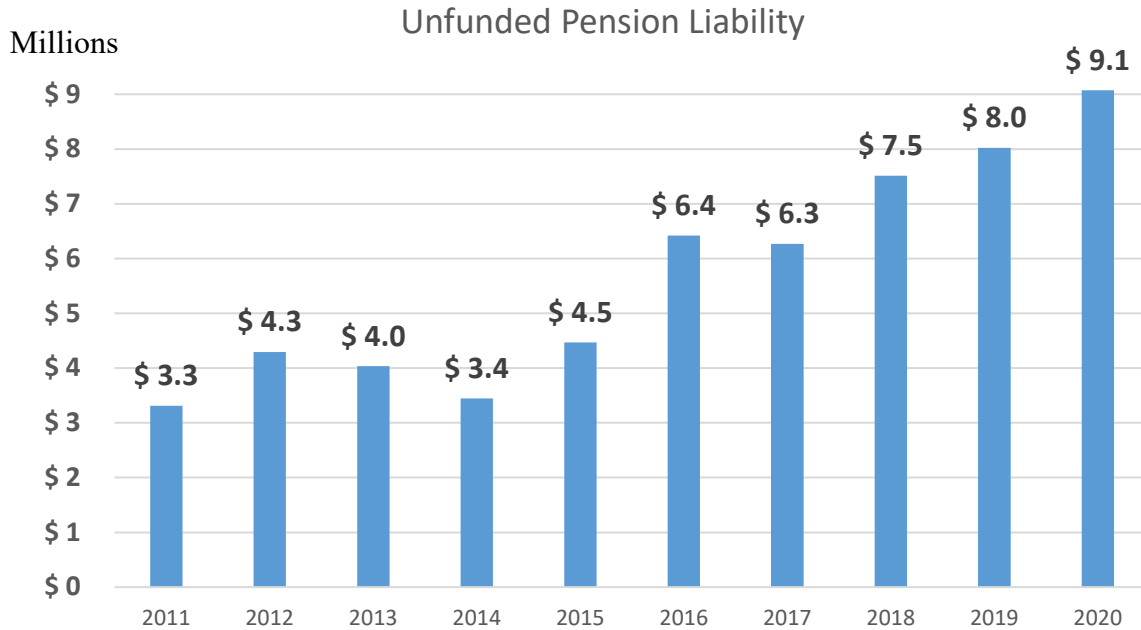
1. California Public Employees Retirement System (CalPERS) unfunded accrued liability (UAL) of approximately \$9.1 million
2. Use Management Reserve Fund dollars of \$1.5 million to paydown a portion of the CalPERS UAL

BACKGROUND:

Staff has met on numerous occasions with the budget sub-committee of the Council (Council members Shapiro and Kraut) to discuss the City's CalPERS UAL.

CalPERS Pension Unfunded Accrued Liability (UAL)

The chart below depicts the City's pension UAL from June 30, 2011 to June 30, 2020 (latest number). In FY 2011, the pension UAL was \$3.3 million and has grown in eight years to \$9.1 million. This is an increase of 172%. CalPERS earned a 21.3% investment return in FY 2020-21; therefore, City's UAL will decrease significantly. Staff does not know what the 2021 UAL will be, however, CalPERS will release their actuarial report for 2021 by October 1, 2022.



The City has a history of paying only the annual required minimum that CalPERS calculates. CalPERS bills the City for this minimum amount each year. FY 2019-20, the City was billed \$471,438 which we paid to CalPERS. However, the City is charged a 6.8% interest rate on this \$9 million which calculates to \$612,000 annually. Therefore, the City is not covering the interest charges on this \$9 million UAL because the City paid \$471,438 to CalPERS when the interest charge is actually \$612,000.

Management Reserve Fund (Fund 60)

The Management Reserve Fund currently has over \$6.7 million. The last contribution was the property sale last fiscal year in the amount of \$1.38 million. This fund was created in June 2010 to store excess reserves. These funds are separate and distinct from the General Fund (\$13.2 million), American Rescue Plan Act (ARPA) fund (\$2.4 million) and the Disaster Recovery Fund (Woolsey Settlement) (\$3.5 million).

DISCUSSION:

The Budget sub-committee and staff propose to use \$1.5 million of the Management Reserve Fund to paydown a portion of the CalPERS UAL.

FISCAL IMPACT/SOURCE OF FUNDING:

No impact in regards to this report. City Council can provide direction to staff on the \$1.5 million paydown of the CalPERS UAL.

REQUESTED ACTION:

Provide direction to staff on how to proceed with the recommended \$1.5 million paydown of the CalPERS UAL.