



# Section 115 Irrevocable Pension Trust Funding Options

April 25, 2018



# Agenda

- General Fund Multi-Year Financial Plan
- Projected General Fund Sources and Uses over next 25 years
- Section 115 Irrevocable Pension Trust
- Fiscal Sustainability Planning Tool
- Approve Funding Recommendations for Section 115 Irrevocable Pension Trust Fund

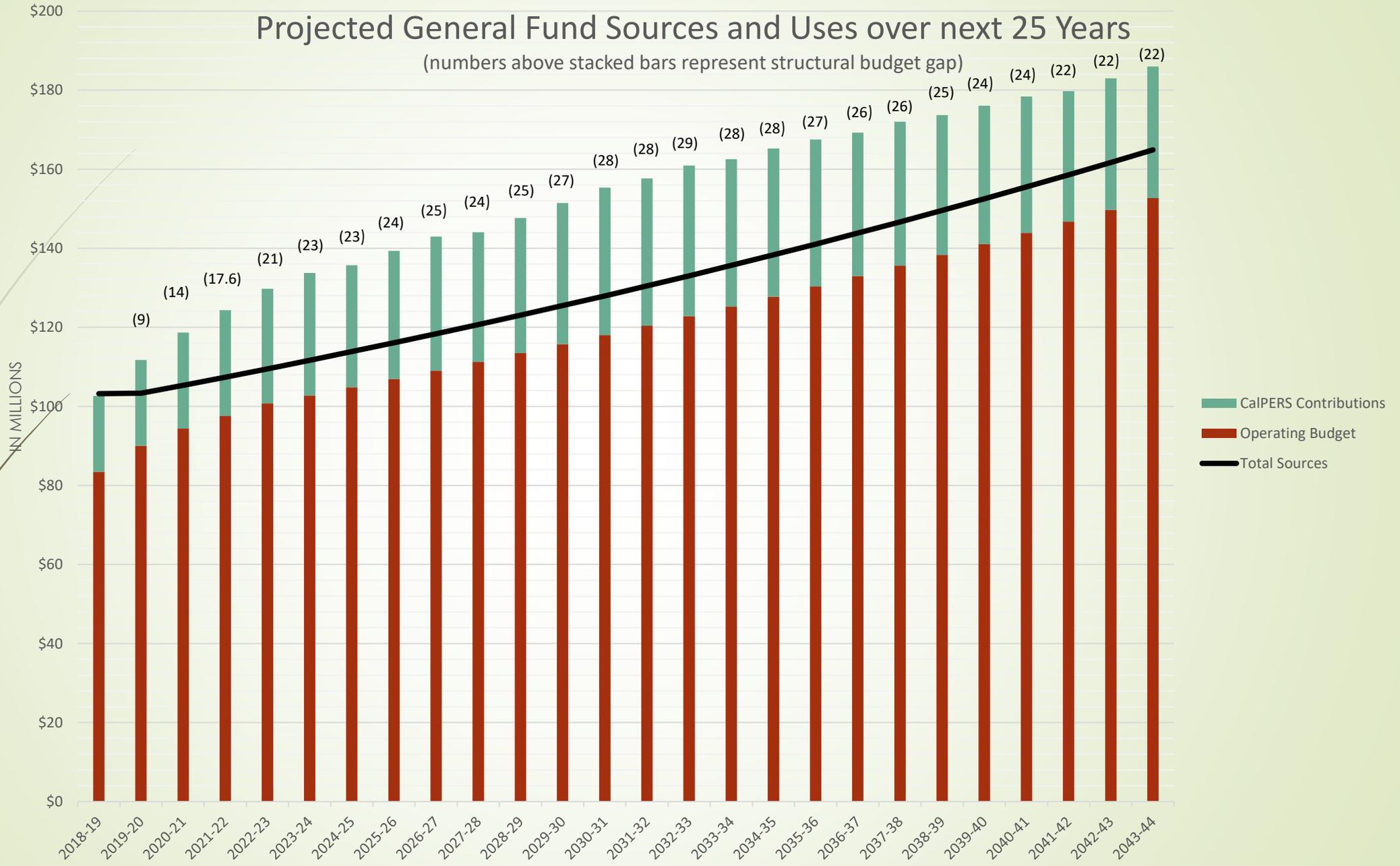
# Previous General Fund Multi-Year Financial Plan

(Amounts expressed in millions)

	Projected FY 2018-19	Projected FY 2019-20	Projected FY 2020-21	Projected FY 2021-22	Projected FY 2022-23
Operating Revenue	\$99.24	\$101.23	\$103.25	\$105.31	\$107.42
Transfers In	2.09	2.09	2.09	2.09	2.09
Total Sources	101.33	103.32	105.34	107.4	109.51
Required PERS Contributions	19.20	21.70	24.30	26.50	28.40
Operating Budget	86.43	90.03	94.35	97.85	101.34
Transfers Out	.70	.70	.65	.65	.65
Total Uses	106.33	112.43	119.30	125.00	130.39
Total Sources Over/(Under) Uses	\$(5.0)	\$(9.1)	\$(14.0)	\$(17.6)	\$(20.9)

# Projected General Fund Sources and Uses over next 25 Years

(numbers above stacked bars represent structural budget gap)





# Section 115 Irrevocable Pension Trust

- ▶ Council authorized establishment of Trust on February 14, 2018 and approved a deposit of \$1,984,000 to initially fund Trust
- ▶ Trust allows City to prefund future pension costs
- ▶ Funds placed in Trust are irrevocably committed to pension obligations
- ▶ Trust funds can be invested in same manner as funds in a typical pension fund and are managed by the City
- ▶ Trust funds provide City enhanced budget flexibility

# General Fund Fiscal Sustainability Planning Tool

	2018-19	2019-20	2020-21	2021-22	2022-23
<b>Structural Budget Gap</b>	-5.0	-9.1	-14.0	-17.6	-20.9
<b>Cost Reductions:</b>					
Freeze Additional Transfers to Fleet	1.3	1.5	1.6	1.8	1.9
Reduction to Transfers Out	0.1	0.1	0.1	0.1	0.1
Outsource Library	0.4	0.4	0.4	0.4	0.4
Revised CalPERS Contributions	0.6				
Department Budget Cuts	0.5				
<b>Total Cost Reductions</b>	<b>2.9</b>	<b>2.0</b>	<b>2.1</b>	<b>2.3</b>	<b>2.4</b>
<b>Revenue/Sources Adjustments:</b>					
Revenue growth/enhancements	1.9				
Savings from CalPERS Prepayment		0.4	0.4	0.4	0.4
Employee CalPERS Pickup	0.2	0.5	0.7	0.8	0.8
Transfer from Pension Trust		?	?	?	?
<b>Total Sources Adjustments</b>	<b>2.1</b>	<b>.9</b>	<b>1.1</b>	<b>1.2</b>	<b>1.2</b>
<b>Remaining Structural Surplus/(Deficit)</b>	<b>0.0</b>	<b>-6.2</b>	<b>-10.8</b>	<b>-14.1</b>	<b>-17.3</b>



# Funding Recommendations for Section 115 Irrevocable Pension Fund Trust

- All Successor Agency Loan Repayments over next 4 years, totaling about \$14 million shall all be contributed to fund the Trust
- Future proceeds from the sale of City property belonging to the General Fund. Other General Fund one-time resources shall all be contributed to the Trust
- General Fund Year-End Surplus (or some portion)



# Projected Funds Available for One-Time Payments to CalPERS

Fiscal Year	Funding Source	Projected Amount
2017/18	Pension Rate Smoothing Reserve	\$1,984,000
2018/19	Redevelopment Loan Repayment	3,800,000
2019/20	Redevelopment Loan Repayment	1,900,000
2020/21	Redevelopment Loan Repayment	5,900,000
2021/22	Redevelopment Loan Repayment	2,500,000
2022/23	Successor Agency Residual Payment	1,000,000
2023/24	Property Tax after Successor Agency Dissolves	2,600,000
2024/25	Property Tax after Successor Agency Dissolves	2,600,000
2025/26	Property Tax after Successor Agency Dissolves	2,600,000
2026/27	Property Tax after Successor Agency Dissolves	2,600,000
	Total	\$27,484,000