



**City Manager's Report**  
**February 27, 2018, City Council Meeting**  
**Prepared by: Dave Warren, Director of Finance**  
**Item #: 12.1**

**Subject:** Acknowledge and file the pension status update report.

---

**Purpose:**

Provide the City Council a status update on the trends and recent changes by the California Public Employees Retirement System (CalPERS) that will affect the City's future pension liabilities.

**Background:**

Due to the CalPERS investment losses in 2008 and changes in the assumed discount rate, actuarial assumptions, and the amortization period for future growth in unfunded pension liabilities, the City's employer pension contributions are anticipated to rise dramatically over the next several years. Tonight, staff will give a presentation on the trends and recent changes by CalPERS that will increase the City's future unfunded pension liabilities.

**Discussion:**

Staff anticipates the City's employer pension contributions will begin to rise significantly in Fiscal Year 2018/2019. The attached Presentation highlights the anticipated cost increases over the next several years. The City's Budget Team is in the midst of developing the Fiscal Year 2018/2019 Budget and would like to continue having conversations with the City Council about the anticipated impacts the new pension contributions will have on the City's operating budget. Staff plans on providing the City Council with additional updates on the pension contributions over the next four months and beyond.

**Options:**

1. Acknowledge and file the report.
2. Do nothing.

**Cost:**

This is an informational item only, and there are no costs associated with the recommended action.

**Budget Impact:**

There is no budget impact associated with the recommended action.

**Recommendation:**

Acknowledge and file the pension status update report.



---

**M. Cleve Morris, City Manager**



---

**Dave Warren, Director of Finance**

Attachment: Presentation