
Projections of Future Liabilities

March 19, 2019

Objective

- ❖ **Comply with Resolution No. 65,7480-N.S.**
- ❖ **Provide an overview of the City's long-term expenditure obligations**
- ❖ **Review the City's current and projected financial condition**
- ❖ **Provide a long-term forecast for both expenditures and revenues**

Discussion Overview

➤ **Four key areas:**

- 1. Employee and Retiree Benefit Costs**
- 2. Current City Obligations (GO Bonds, COPs, etc)**
- 3. Capital Assets and Infrastructure**
- 4. General Fund Revenue and Expenditure Projections**

Report Contributors

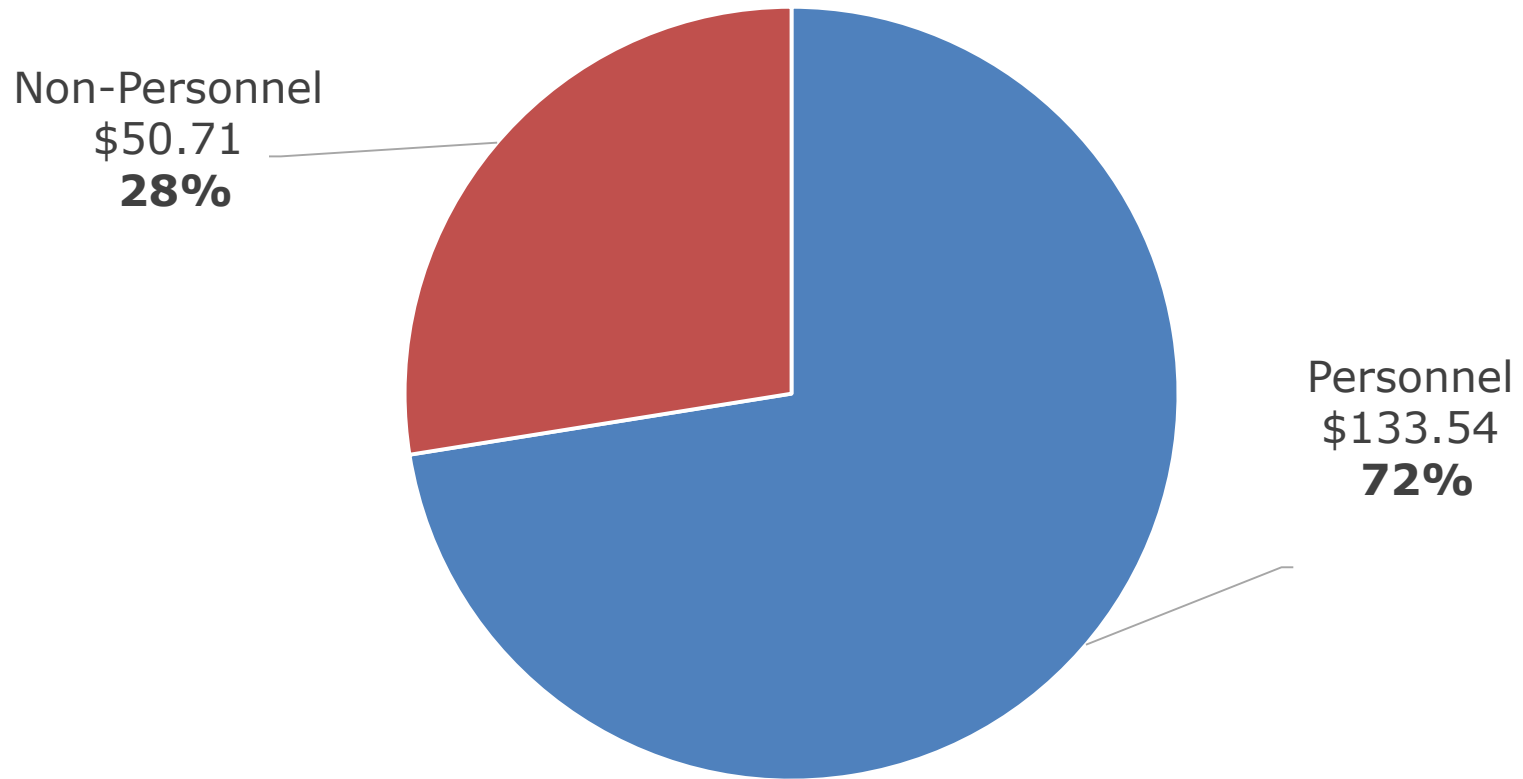
- **Finance**
- **Public Works**
- **Parks, Recreation, and Waterfront**
- **Information Technology**
- **Human Resources**

Employee and Retiree Benefit Costs

General Fund

FY 2019 Adopted Budget = \$184.25M

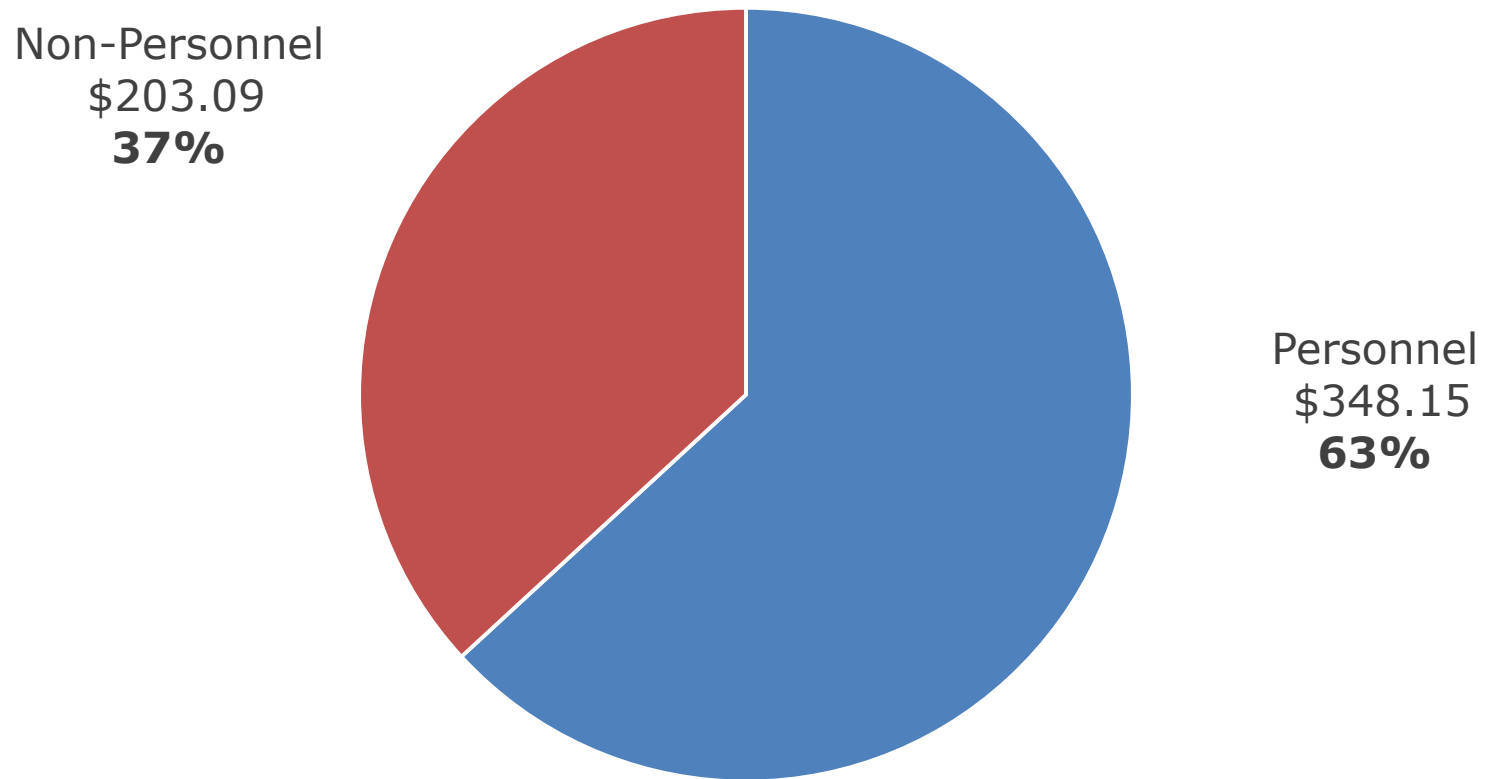
72% Personnel



All Funds

FY 2019 Adopted Budget = \$551.24

63% Personnel



PERS Employer Rates

	CalPERS Actuals FY 2019	CalPERS Actuals FY 2020	CalPERS Projections FY 2021	CalPERS Projections FY 2022
Police	60.8%	66.6%	70.7%	73.6%
Fire	44.0%	48.2%	51.2%	54.0%
Miscellaneous	30.5%	32.5%	34.7%	36.4%

PERS Payment Projections, 10 years

Future Payments to California Public Employees' Retirement System All Plans and All Funds Zero COLA By Plan
(dollars in millions)

	FY19 Adopted Budget	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Misc.	\$ 29.96	\$ 33.67	\$ 36.55	\$ 41.83	\$ 43.30	\$ 43.86	\$ 44.54	\$ 46.13	\$ 47.14	\$ 48.50	\$ 47.60
Police	14.57	16.27	17.60	18.58	19.16	19.43	19.69	20.12	20.32	20.52	20.65
Fire	7.33	8.78	9.46	9.55	9.90	10.02	10.18	10.37	10.65	10.84	10.89
Total	\$ 51.86	\$ 58.72	\$ 63.61	\$ 69.95	\$ 72.35	\$ 73.32	\$ 74.41	\$ 76.61	\$ 78.11	\$ 79.86	\$ 79.13

CalPERS Funded Status as of June 30, 2017

<i>(dollars in millions)</i>			
Plan	Actuarial Estimated Liability	Plan Assets	% Funded Market Value
Miscellaneous	\$ 969.5	\$ 694.6	71.6%
Police	\$ 399.2	\$ 244.3	61.2%
Fire	\$ 262.4	\$ 188.5	71.8%

CalPERS - Council Action

- **Directed staff to establish an IRS Section 115 Pension Trust Fund to be used to help pre-fund pension obligations**
- **Allocated an additional \$4 million in November 2018 to fund the new IRS Section 115 Pension Trust Fund**
- **Prefunded the unfunded liability portion of the FY 2019 CalPERS pension resulting in savings totaling \$1.1 million**

Actuarially Determined Contribution vs. Pay As You Go

- **Actuarially Determined Contribution (ADC)**
 - **Recommended contribution**
- **Pay As You Go**
 - **Only pay current benefit expenses**

CalPERS and Other Post Employment Benefits (dollars in millions)

Plan	Valuation Date	Actuarial Estimated Liabilities	Plan Assets	ADC	Actual Contribution	Funding Target*	Net Pension Liability	% Funded
Police Employee Retiree Income Benefit Plan (closed)	6/30/2018	\$ 73.00	\$ 6.35	\$ -	\$ 1.86	2	\$ 66.65	8.7%
Police Employees Retiree Health Premium Assistance Plan (new)	6/30/2018	\$ 43.46	\$ 1.80	\$ 4.93	\$.30	2	\$ 41.66	4.1%
Fire Employees Retiree Health Plan	6/30/2018	\$ 27.50	\$ 10.20	\$ 2.16	\$.74	1	\$ 17.30	37.1%
Retiree Health Premium Assistance Plans (Non-Safety Members)	6/30/2018	\$ 59.39	\$ 25.17	\$ 4.73	\$ 2.00	1	\$ 34.22	42.4%
Safety Members Pension Fund	6/30/2018	\$ 2.49	\$ 0.97	\$ -	\$.45	2	\$ 1.52	38.9%
<ul style="list-style-type: none"> • 1 – percentage of payroll • 2 – pay as you go 								

Citywide Total Personnel Costs and Fringe Rate Over Time with Zero COLAS (dollars in millions)

Zero COLA	FY19 Adopted Budgeted	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
Total Salary	\$ 158.3	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0	\$ 169.0
Total Benefits	\$ 107.5	\$ 115.6	\$ 123.5	\$ 135.0	\$ 142.2	\$ 148.5	\$ 155.5	\$ 164.3	\$ 173.0	\$ 182.7	\$ 190.8
Fringe Rate	68%	68%	73%	80%	84%	88%	92%	97%	102%	108%	113%
Total Personnel Costs	\$ 265.9	\$ 284.6	\$ 292.6	\$ 304.0	\$ 311.3	\$ 317.6	\$ 324.6	\$ 333.3	\$ 342.0	\$ 351.7	\$ 359.8

Current City Debt Obligations

Current City Debt Obligations

<u>Bond Authorization</u>	<u>Authorization Year</u>	<u>Authorization Amount</u>	<u>Outstanding Amount</u>	<u>Final Maturity</u>	<u>FY 2019 Bond Tax Rate</u>
Measure FF	2008	\$26,000,000	\$22,435,000	2040	0.0085%
Measure M	2015	30,000,000	28,820,000	2045	0.0090%
Measure T1	2016	100,000,000	35,000,000	2047	0.0127%
2015 GO Refunding Bonds (Refunding Measure G, S, I)	2015	36,680,000	31,265,000	2038	0.0205%
TOTAL		\$192,680,000	\$117,520,000		0.0507%

Capital Assets and Infrastructure

Parks, Waterfront, Pools, and Camps

➤ Current Unfunded Need – \$181.5M

Unfunded Needs in Parks, Waterfront, Pools & Camps Facilities and Infrastructure

Needed Improvements	Cost Estimate
Resident Camps	\$3,355,000
Waterfront	\$109,987,000
Pools	\$7,050,000
Park Buildings/Facilities	\$6,981,800
Parks (General)	\$9,900,000
Parks (Specific)	\$36,962,000
Park Restrooms	\$7,300,000
Total	\$181,535,800

Public Works

- **Public Buildings - \$85.1M**
- **Street & Roads - \$170M**
- **Sidewalks - \$7M**
- **Sewer - \$190M**
- **Storm Drains – \$241M**
- **Traffic Signals -\$7.4M**

Information Technology

- **Unfunded need - \$550,000**
 - **Replacement of Data Backup System**
 - **Geographical Systems – Master Address database**

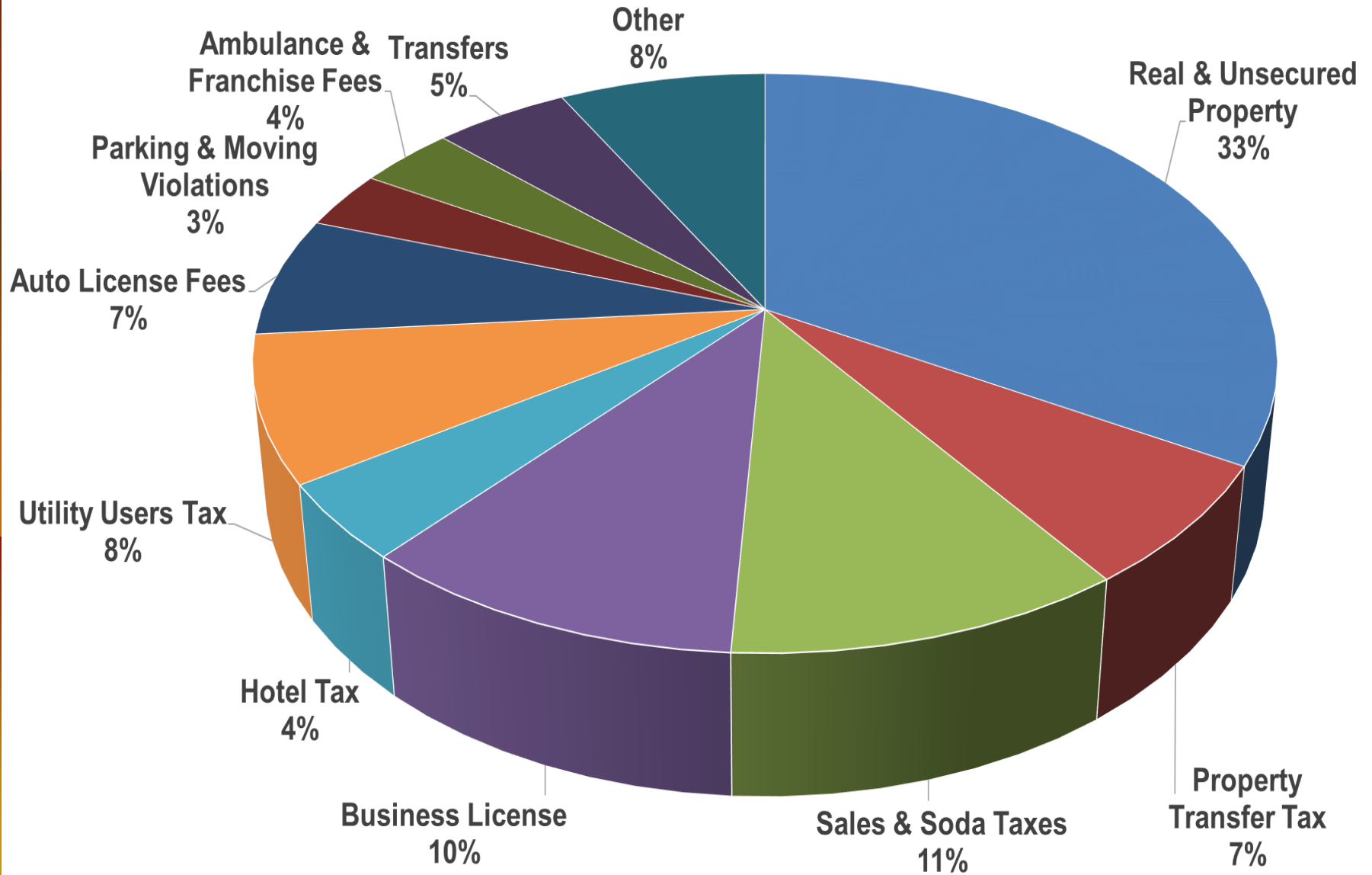
General Fund Revenues

General Fund Revenue Projections

(dollars in millions)

General Fund Revenues Projections											
	FY19 Adopted Budget	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
GF Revenues Baseline	\$ 184.76	\$ 193.72	\$ 197.94	\$ 201.53	\$ 205.21	\$ 209.00	\$ 212.93	\$ 216.97	\$ 220.51	\$ 224.17	\$ 228.59

FY 2019 General Fund Revenue by Type \$184.7M



General Fund Revenues v.s. Expenditures - Demonstrative Comparison *(dollars in millions)*

General Fund Revenues v.s. Expenditures - Demonstrative Comparison											
	FY19 Adopted Budget	FY20	FY21	FY22	FY23	FY24	FY25	FY26	FY27	FY28	FY29
GF Revenues Baseline	\$ 184.76	\$ 193.72	\$ 197.94	\$ 201.53	\$ 205.21	\$ 209.00	\$ 212.93	\$ 216.97	\$ 220.51	\$ 224.17	\$ 228.59
GF Expenditures - Zero COLA	\$ 184.25	\$ 190.90	\$ 194.52	\$ 200.83	\$ 205.77	\$ 210.52	\$ 215.27	\$ 220.82	\$ 226.39	\$ 232.38	\$ 237.97
Surplus/(Defi cit)	\$ 0.51	\$ 2.82	\$ 3.42	\$ 0.70	\$ (0.56)	\$ (1.52)	\$ (2.34)	\$ (3.85)	\$ (5.88)	\$ (8.21)	\$ (9.38)

Discussion