



CITY COUNCIL STAFF REPORT – REGULAR AGENDA

**TO: HONORABLE MAYOR AND CITY COUNCIL
GEORGE RODERICKS, CITY MANAGER**

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: JULY 16, 2014

**SUBJECT: RESOLUTION AUTHORIZING A CONTRIBUTION TOWARD OTHER
POST-EMPLOYMENT BENEFIT LONG-TERM LIABILITIES**

RECOMMENDATION

Adopt the attached Resolution authorizing the contribution of 2013/14 ERAF revenues (\$1,020,000) toward the Trust for Other Post-Employment Benefits (OPEB) long-term liabilities.

BACKGROUND

As part of the FY 2014/15 budget discussions, the excess Educational Revenue Augmentation Fund (ERAF) is considered as “one time” revenues and not included in the Town’s operational budget. Revenues from ERAF are to be considered at the conclusion of the budget year and directed by Council toward specific capital projects or contributions toward long-term liabilities (pension or OPEB). The FY 2013/14 ERAF revenue received was \$1,020,000 and it is recommended that these revenues be directed toward the Town’s Other Post Employment Benefit (OPEB) liabilities.

FINDINGS | ANALYSIS

Over the past year the Council has taken significant steps to reduce the Town’s OPEB Liability. On September 18, 2013 the City Council authorized a \$2,000,000 contribution to the OPEB PARS trust account. The latest actuarial as (July 2012) coupled with the contributions made to the PARS Trust is as follows:

As of 7/1/2012	
Active Employees	\$1,832,176
Retirees Spouses	\$5,892,692
Accrued Actuarial Liability (AAL)	\$7,724,868
Prior Town Contribution to PARS Trust FY 12/13	(\$1,299,316)

**Resolution Authorizing A Contribution Toward
Other-Post Employment Benefit (OPEB) Long Term Liabilities
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Contribution Towards PARS Trust FY 13/14	(\$2,000,000)
ERAF Contribution FY 14/15	(\$1,020,000)
Estimated Unfunded Actuarial Liability Amount	\$3,405,552

With the recommended ERAF contribution of \$1.02M the Town will have contributed \$4,319,316 toward the PARS Trust for OPEB liabilities. Staff recommends that the Town ultimately place approximately \$5M in the Trust and leave the remaining gap. Staff believes with the FY 2014/15 ERAF we will be able to reach that goal. Staff will be recommending (through the Finance Committee) that the Town obtain an actuarial refresh of our OPEB liability with the new contributions to the Trust as well as the October 2013 adopted Police Officers Memorandum of Understanding. The new actuarial will likely allow for additional operational savings through a reduction in our Annual Required Contribution.

FISCAL IMPACT

The \$1,020,000 ERAF funds received in FY 2013/14 is included in the projected Unassigned General Fund Balance of \$5,400,423.

ATTACHMENT
Resolution 14-XX

RESOLUTION NO.

**A RESOLUTION OF THE CITY COUNCIL OF THE TOWN OF
ATHERTON AUTHORIZING A BUDGET AMENDMENT FOR
CONTRIBUTIONS TOWARD OTHER POST-EMPLOYMENT BENEFIT LIABILITIES**

WHEREAS, the Town has identified paying down its long-term liabilities as a priority;
and

WHEREAS, Other Post-Employment Benefits (OPEB) has been identified as a long-
term liability through the required actuarial analysis; and

WHEREAS, the Town is contributing the FY 2013-14 ERAF funds received and
maintains sufficient funds within its Unallocated General Fund Balance to contribute toward that
long-term liability.

NOW, THEREFORE, BE IT RESOLVED, that the City Council of the Town of
Atherton does hereby approve an amendment to the FY 2014-15 Town Budget to enact the
changes specified in Exhibit A attached hereto.

PASSED AND ADOPTED at a meeting of the City Council of the Town of Atherton
held on the 16th day of July, 2014 by the following vote:

AYES: Council Members:
NOES: Council Members:
ABSENT: Council Members:

Cary Wiest, MAYOR
Town of Atherton

ATTEST:

Theresa N. DellaSanta, City Clerk

APPROVED AS TO FORM:

William B. Conners, City Attorney

Exhibit A

**Town of Atherton
Budget Amendment**

Transfer \$1,020,000.00 from:

**2014/15
Unappropriated General Fund Reserve**

To:

**2014/15
Transfer to PARS Trust**