



Item No. 7 Town of Atherton

FINANCE COMMITTEE STAFF REPORT

TO: FINANCE COMMITTEE

FROM: ROBERT BARRON III, FINANCE DIRECTOR

DATE: JULY 15, 2014

**SUBJECT: DISCUSSION UPDATE OF THE TOWN MAKING OPEB
CONTRIBUTION USING ERAF FUNDS**

RECOMMENDATION

Provide updated discussion on the Town Council making an OPEB Contribution using FY 2013/14 ERAF funds.

BACKGROUND

The Town of Atherton Council will be considering an authorization to use the FY 2013/14 Excess ERAF revenues of \$1,020,000 and make a contribution towards the Trust for Other Post-Employment Benefits (OPEB). Attached is a copy of the report that will be going before the Council at the July City Council meeting.

FISCAL IMPACT

The Town seeks to continue efforts of financial stability by making contributions to OPEB and reduce its long term liabilities.

ATTACHMENT

Council Staff Report- Resolution Authorizing Contribution towards OPEB



Item No. Town of Atherton

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)
Contribution Towards PARS Trust FY 13/14	(\$2,000,000)

**Resolution Authorizing A Contribution Toward
Other-Post Employment Benefit (OPEB) Long Term Liabilities
July 16, 2014
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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

OPEB Resolution