



**Town of Atherton
FINANCE COMMITTEE
DRAFT MINUTES
November 13, 2018**

2:00 PM

**TOWN COUNCIL CHAMBERS
94 Ashfield Road
Atherton, California**

PLEASE NOTE: *Times listed on the Agenda are approximate; items may be taken up out of order.*

1. ROLL CALL

Bob Polito, Jeffrey Lee, Yogesh Amle, Ann Yvonne Walker, Devika Patil, Cary Wiest, Bill Widmer

Present: Polito, Lee, Walker, Patil, Wiest

Excused: Amle, Widmer

2. PUBLIC COMMENT

None

REGULAR AGENDA

3. Review and Approve Draft Minutes of September 11, 2018 Finance Committee
Motion to approve Minutes by Ms. Walker, Seconded by Ms. Patil; All in Favor
4. Review presentation of Atherton Property Taxes for Fiscal Year 2018/19 by Paula Cone of HDL Companies
Staff opened discussion of the review of property taxes for FY 2018/19 by Paula Cone of HDL companies. Ms. Cone is present to provide the overview, analysis and trends for property taxes in the Town. It was communicated that the in FY 2011/12 the assessed property value for the Town approximately \$6.4 Billion. In FY 2018/19 that value is now \$10,941,160,453. Staff communicated that the 2018/19 growth was 7.06%. Ms. Cone began the presentation and communicated that Atherton had an assessed property value change of year over year growth of \$721,068,612. Atherton continues to post positive growth for the 8th year but slightly slower pace from previous year. The Town current values are 74% higher than prior to the recession and it was communicated that future growth will continue to be tied to new construction values, sales transactions and CPI. Majority of the growth throughout the County is due to the increase in home prices. Due to the value

change in FY 2018/19, there is a projected increase in revenue of \$601,259. Residential home values contributed to the 7.1 growth and were largely due to the resale of residential properties to include purchase, demolition, and rebuild for sites. It was communicated that the Atherton was the 12th highest City in the County for property tax net value change of year to year growth. Ms. Cone, discussed that of all the top 40 value changes in the Town all were positive and none posted an increase of less than \$4 Million year over year. Discussion ensued on the top 5 year to year changes in property values in the Town. Residential increases are result of home sales at higher prices than the assessed values and addition of new improvements on home sites. Secured and unsecured property are estimated at \$9,114,542 per HDL analysis. The medium home price was 42.86% higher than the previous year. Ms. Cone explained that the minimum increase in revenue for FY 2018-19 would is expected of 3.80%. In order to increase revenues by 1%, additional sales transaction of \$109 Million would be needed for remainder of year. It was explained that due to value of new home construction an estimated growth of 4.5 to 5% is projected for FY 2019-20.

5. Review and discussion CalPERS actuarial reports as of June 30, 2017; new pension discount rate assumptions for discussion of paying down long term liabilities; if appropriate make recommendations of options for council review and consideration.

This was a review and discussion of the June 30, 2017 CalPERS actuarial Reports. Staff communicated that in December 2016, the CalPERS board adopted assumption changes to the discount rate, reducing the rate from 7.5% to 7% over three years. Along with the discount rate changes, staff communicated CalPERS board adopted new actuarial assumption changes based on an experience study, which included retirement rates, termination rates, mortality rates, salary rate increases, and inflation. CalPERS also adopted a new asset mix that supports the 7% discount rate. Discussion focused on investment returns being the key driver on employer rates and funded status. The FY 2019/20 Employer Contribution rate for Miscellaneous Employees is 10.327%, an increase of .692%. This took into consideration the change in the discount rate assumption to 7.25%. The current FY 18/19 Employer contribution rate for Miscellaneous employees is 9.635% and the unfunded liability payment (UAL) is \$230,536. FY2019/20 contribution rate for Public Safety is 23.654%, an increase of 1.038%. The Town's employer payment of the unfunded liability for FY 2019/20 Public Safety is \$771,853. This is an increase in UAL from the current FY of \$605,433. Staff communicated if the investment return does not meet 7.25%, the actual contribution requirements for the projected FY 2020/21 will be adjusted. Discussion ensued regarding the funded status of the plans. The Plan's funded status as of June 30, 2017 for Miscellaneous Employees is currently at 75.7% with an unfunded liability of \$4,364,474. The Public Safety Employees Plan's funded status as of June 30, 2017 is currently at 72.5% with an unfunded liability of \$11,365,268. Staff explained that the

Town has contributed its normal cost and UAL payment consistently over the years. The Town FY 2107/18 UAL payment was \$657,860 and the FY 2018/19 UAL payment was \$838,215. This was an increase of approximately \$180,000. Staff mentioned that the projected FY 2019/20 UAL payment of \$1,067,291, is an increase of \$229,076 to current the fiscal year. Further discussion involved the Town's implementation of additional cost sharing within the Pension plan amongst Public Safety employees and Miscellaneous employees. This included the employee picking up an additional cost of the employer PERS normal cost. The maximum allowed under CalPERS law for the picking up of the employer CalPERS share is 3% for Public Safety, and 1% for Miscellaneous. There was continued discussion on value of assets and risk analysis tools within the Actuarial reports. Pension liabilities and normal contribution rates will continue to be evaluated throughout the year as we seek ways to mitigate unfunded liabilities.

6. Next Meeting Date, Future Agenda Items and Time- **January 15th 2019**

7. **Adjourn: Motion by Ms. Walker, seconded by Mr. Lee; All in Favor
3:20pm**

☞ Please contact the City Clerk's office at (650) 752-0500 with any questions

Pursuant to the Americans with Disabilities Act, if you need special assistance in this meeting, please contact the Park Program Manager at (650) 752-0534. Notification of 48 hours prior to the meeting will enable the Town to make reasonable arrangements to ensure accessibility to this meeting. (29 CRF 35.104 ADA Title II)

Posted: