



TO: Financial Commission
FROM: Jon Maginot, Staff Liaison
SUBJECT: City of Los Altos PERS Reserve

RECOMMENDATION:

Discuss the City's pension obligations and plan to manage expected future increases in pension costs

BACKGROUND

At the September 9, 2024 Financial Commission meeting, the Commission received a presentation from staff regarding the City's pension liabilities and expected future increases. This presentation included discussion surrounding the City's annual contribution to PERS, which includes the amortization of the City's Unfunded Accrued Liability (UAL), and the impact on the City's pension costs.

At the September meeting, staff presented data from the PERS FY 2022 Actuarial report. That information showed the City had a total UAL of \$48,401,851 and was funded at 71.47%. Since the September meeting, actuarial data for FY 2023 has been released and shows that the City has a total UAL of \$51,820,882 and a funding level of 70.92%.

The City's current strategy for addressing the raising costs of UAL is to pre-fund the UAL payments using the PERS Reserve fund to an amount to be determined and then to establish a 115 Trust to further offset future increases.

The Commission is requested to weigh in on the target funding level for the City and to discuss the merits of establishing a 115 Trust.