



DATE: November 15, 2021

AGENDA ITEM # 2

TO: Financial Commission
FROM: John Furtado, Finance Director
SUBJECT: City of Los Altos OPEB Reserve

RECOMMENDATION:

Provide a recommendation to the City Council to direct staff to send \$1.5 million to CalPERS for investment in the City’s California Employers’ Retiree Benefit Trust (CERBT)

BACKGROUND

In 2012, the City established a “OPEB Reserve” fund as a part of the General Fund. Since that time, the OPEB Reserve fund has grown to \$1.5 million. The Financial Commission has expressed interest in utilizing those dollars in some manner.

The City in March of 2016 had setup a CERBT with an initial contribution of \$1.5 million. The current valuation of that Trust is \$2.61 million.

DISCUSSION

Staff has done a preliminary analysis on using the \$1.5 million towards adding to the CERBT with CalPERS. At the November 15, 2021, Financial Commission meeting, staff will present further details of its analysis.

The funded status if the OPEB Liability is 54.9% as projected below.

Status of OPEB Funding

Description	Fiscal Year End		% Change
	6/30/2020*	6/30/2021*	
OPEB Liability	3,297,885	3,607,820	9.4%
Fiduciary Net Position	1,915,574	1,982,361	3.5%
Net OPEB Liability	1,382,311	1,625,459	17.6%
Funded Status %	58.1%	54.9%	-3.1%
Adding Reserve to CERBT		1,500,000	
Revised Funded Status %		96.5%	

* The measurement dates lag by one year

Staff recommends that the Financial Commission send a recommendation to the City Council to direct staff to:

1. Determine whether additional dollars could be included in a payment to the CERBT at CalPERS
2. Send \$1.5 million to CalPERS for investment in the CERBT, including the entirety of the OPEB Reserve fund
3. Consider recommending replenishment of the OPEB reserve with Yearend surplus funds if any.