



# Cathedral City

## Legislation Details (With Text)

**File #:** 2017-439      **Version:** 1      **Name:**  
**Type:** Staff Report      **Status:** Consent Agenda  
**File created:** 10/23/2017      **In control:** City Council  
**On agenda:** 11/8/2017      **Final action:**  
**Title:** California Public Employees Retirement System (CalPERS) Annual Lump Sum Payment  
**Sponsors:**  
**Indexes:**  
**Code sections:**  
**Attachments:**

Date	Ver.	Action By	Action	Result
------	------	-----------	--------	--------

*City Council*

**MEETING DATE: 11/8/2017**

**TITLE:**  
**California Public Employees Retirement System (CalPERS) Annual Lump Sum Payment**

**FROM:**  
Tami Scott, Administrative Services Director

**RECOMMENDATION:**  
Staff recommends the City Council authorize an allocation of \$850,000 to make a lump sum payment to (CalPERS).

**BACKGROUND:**  
In 2017, the CalPERS board approved a reduction in investment rates of return from 7.5% to 7.375% on deposits of funds paid into CalPERS. As a result, this rate reduction increases the City’s estimated annual contribution to CalPERS. Over the next three fiscal years, CalPERS will lower their investment rate of return from 7.375% to 7.00%. As a result, there will be an impact on PERS contribution rates and Unfunded Actuarial Liability (UAL) for each of our retirement plans.

**DISCUSSION:**  
The City of Cathedral City has eight (8) separate retirement plans with CalPERS. The three (3) primary plans are commonly referred to as the Tier 1 (Classic) plans for Fire, Miscellaneous and Police. As of June 30, 2016, these plans are funded at the levels of 77.5%, 76.6% and 76.8%,

respectively. By authorizing an annual UAL payment, the City of Cathedral City can be proactive in increasing funding levels and reducing future interest costs. It is anticipated, this will result in a savings to the general fund of approximately \$200,000 over the next 20 years (through FY 38/39).

**FISCAL IMPACT:**

\$850,000 payment from the Insurance Fund (Fund 612)

**ATTACHMENTS:**

N/A