

# City of San Leandro Miscellaneous and Safety Plans

## 2022 Actuarial Valuation Results and Updates

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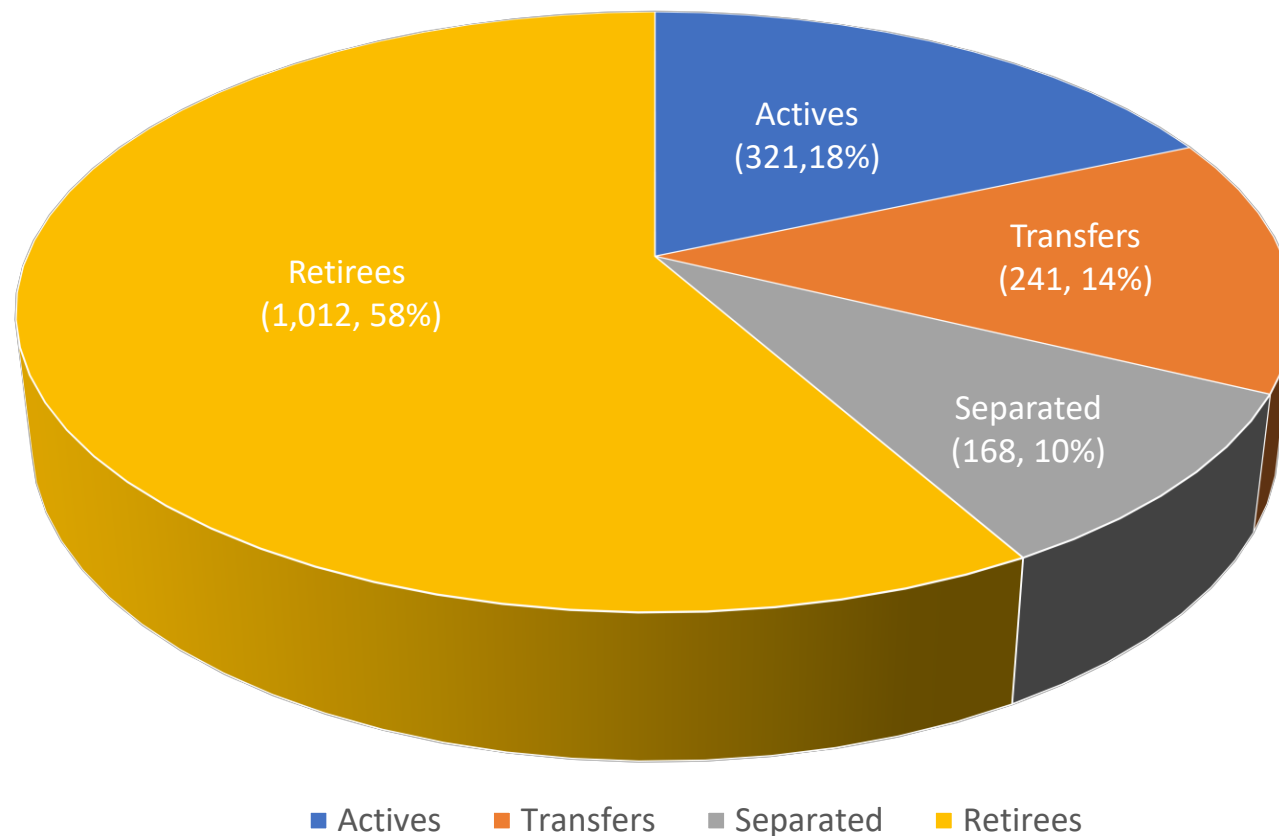
October 2023

## Overview

- Summary of June 30, 2022 Valuation Results
- Employer Contributions for FY24/25
- Significant Events Since the June 30, 2022 Valuation Date
- Projections of June 30, 2022 Unfunded Accrued Liability and Funded Status
- Projections of UAL Amortization Payments
- Projections of UAL Amortization Payments (after Fresh Start)
- Other Funding Alternatives

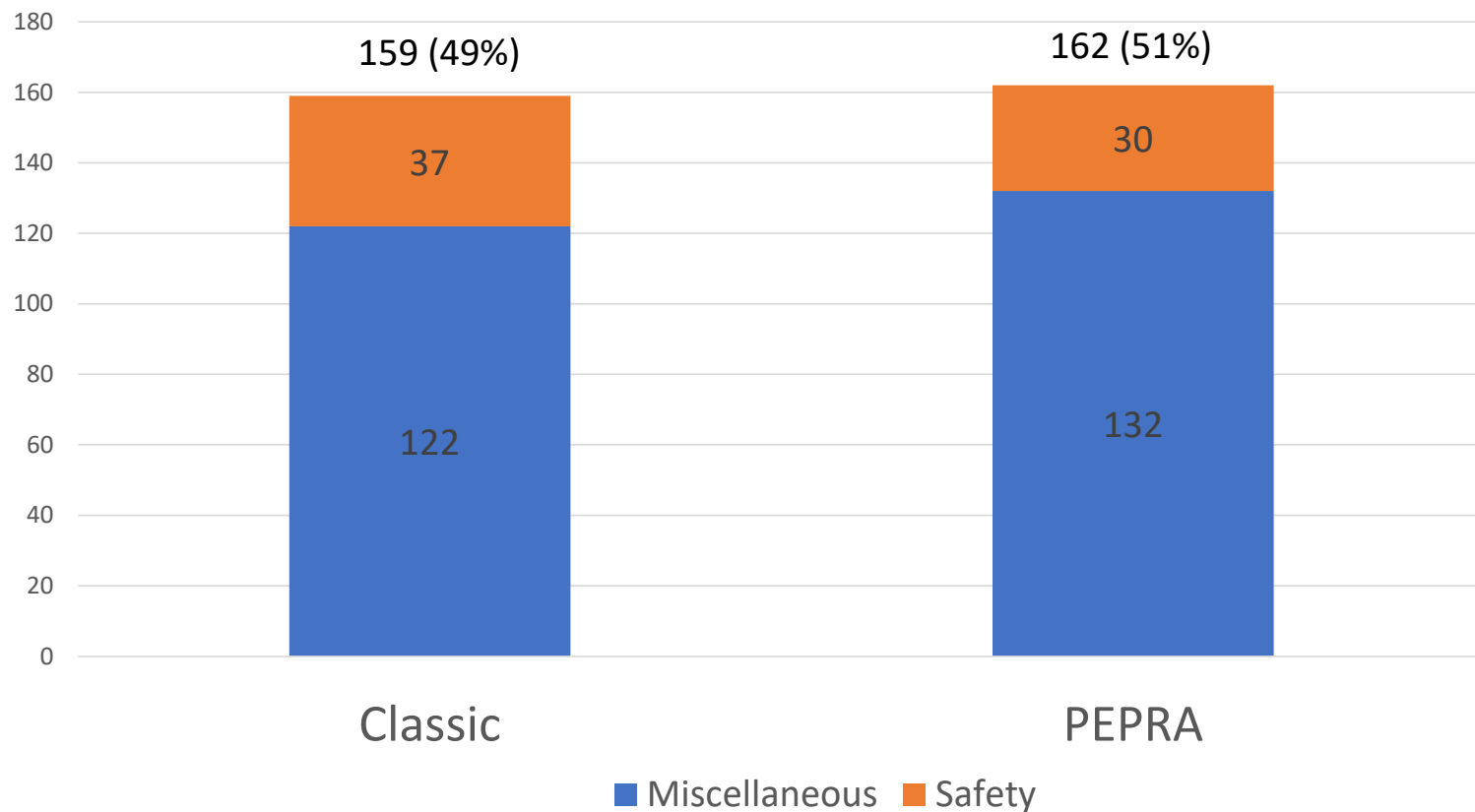
# Summary of June 30, 2022 Participant Counts – Misc. & Safety - (continued)

Number of Participants (All Plans, 1,742 members)



# Summary of June 30, 2022 Participant Counts – Misc. & Safety

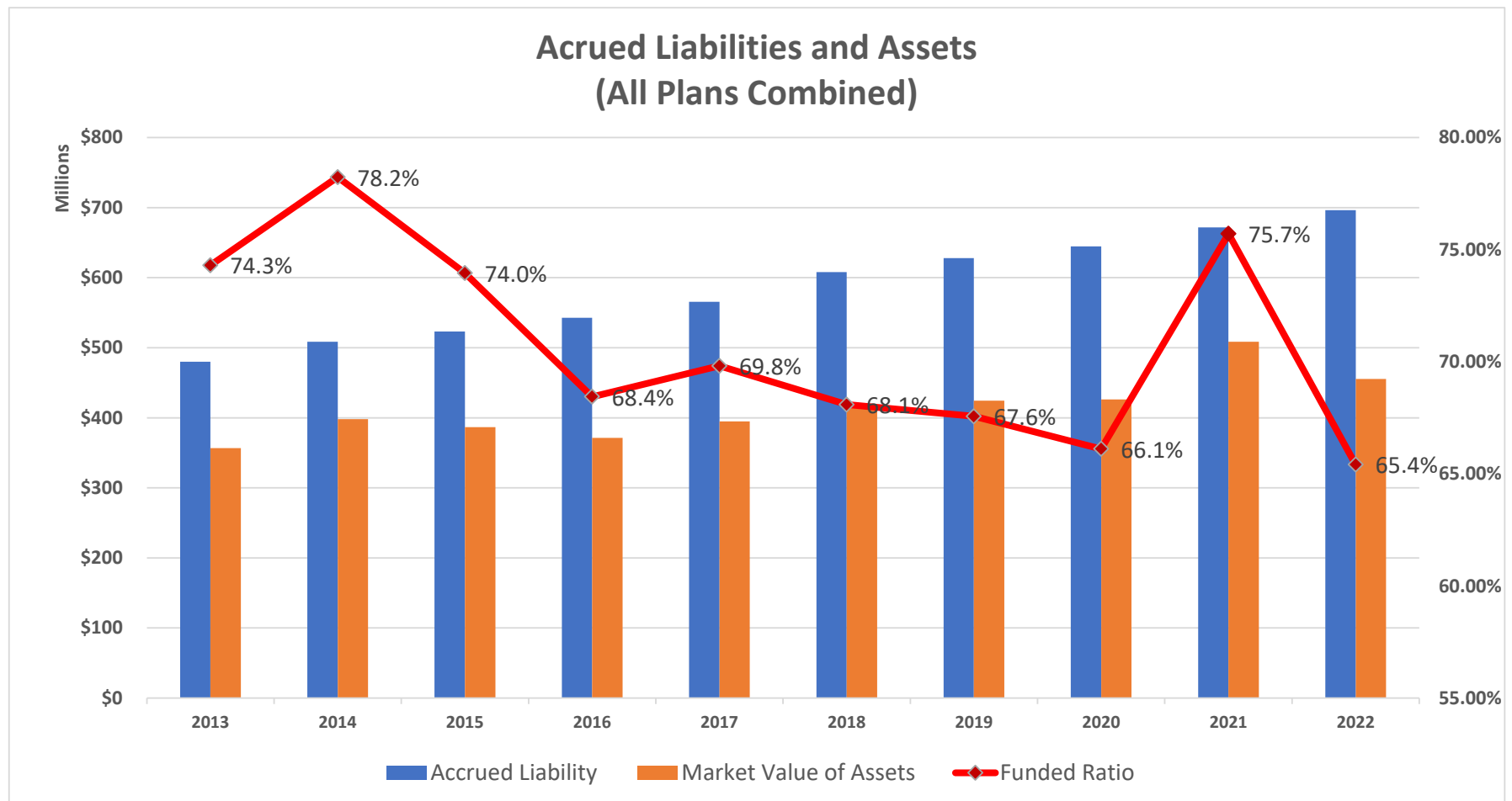
Active Participant Counts as of June 30, 2022



## Summary of June 30, 2022 Valuation Results - determining FY24/25 contributions (\$mil)

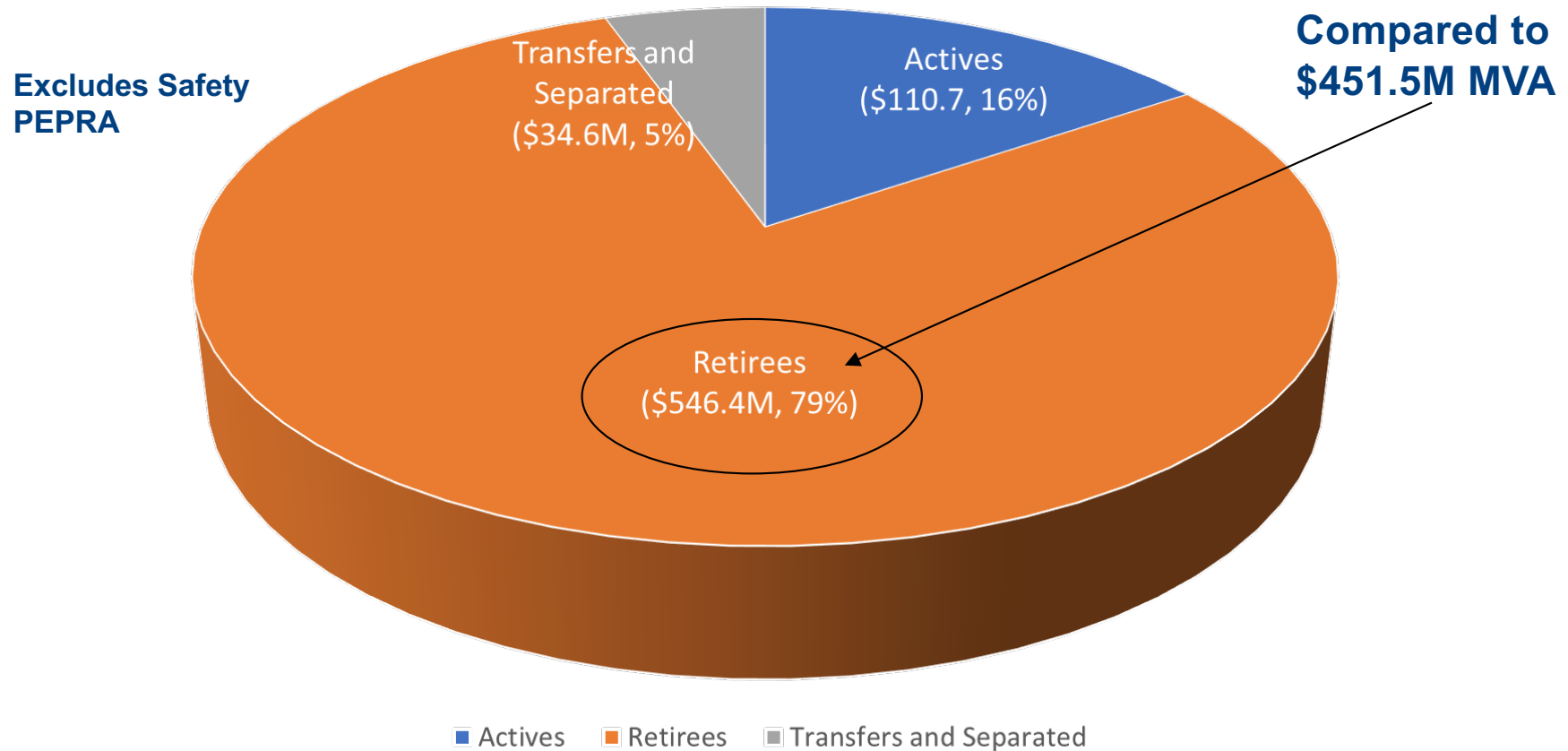
Plan	Actuarial Accrued Liability	Market Value of Assets	Unfunded Accrued Liability	Funded Ratio
Miscellaneous (VP 37)	\$348.1	\$229.3	\$118.8	65.9%
Safety (VP 38) pooled	343.6	222.2	121.4	64.7%
PEPRA Safety (VP 25027)	<u>4.8</u>	<u>4.1</u>	<u>0.7</u>	<u>85.7%</u>
Total	\$696.6	\$455.6	\$240.9	65.4%

# Summary of June 30, 2022 Valuation Results – Misc. & Safety - (continued)



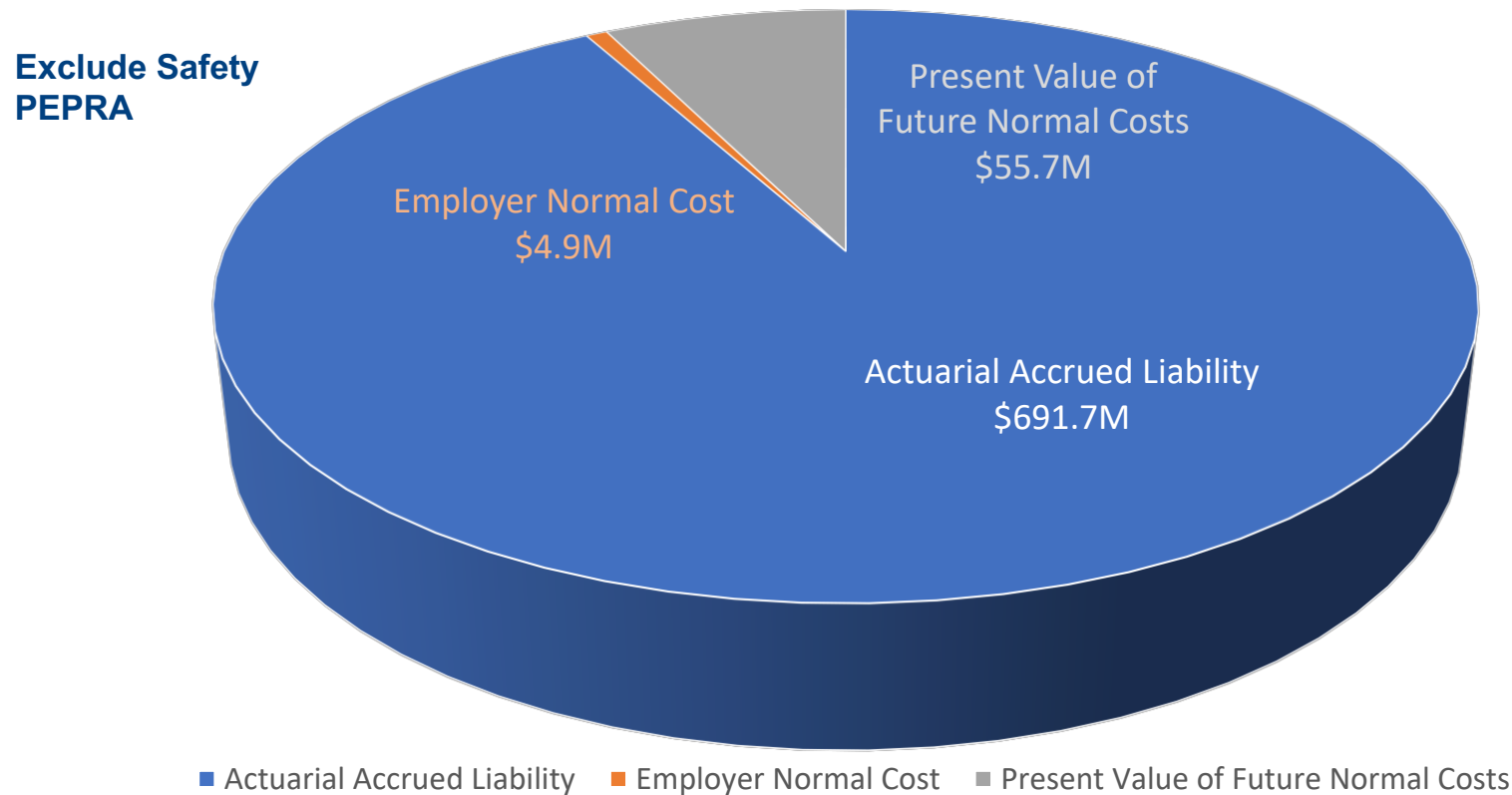
# Summary of June 30, 2022 Valuation Results – Misc. & Safety - (continued)

Actuarial Accrued Liability (\$691.7M)



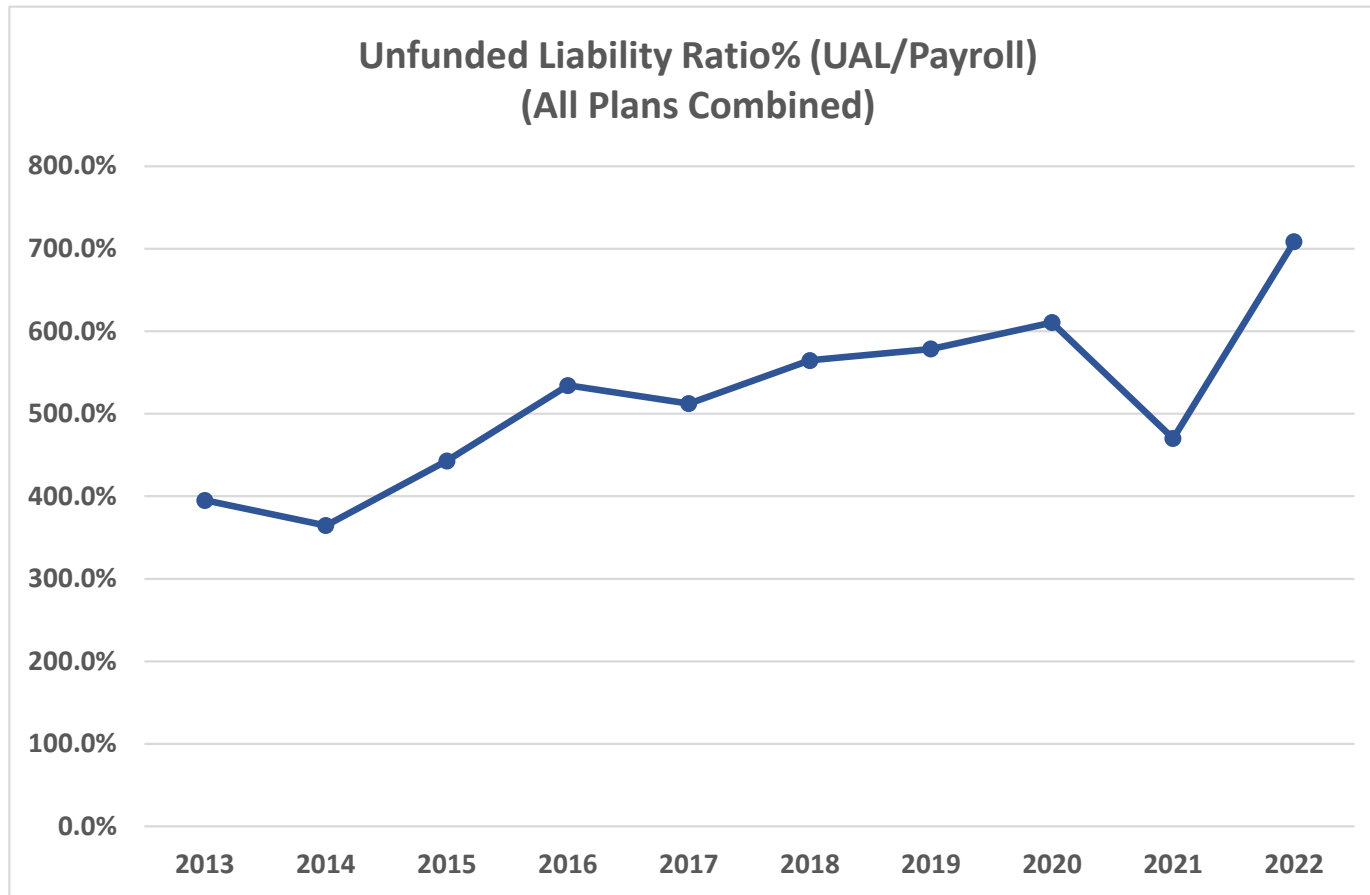
# Summary of June 30, 2022 Valuation Results – Misc. & Safety – (continued)

Present Value of Benefits (\$747.4M)





# Summary of June 30, 2022 Valuation Results – Misc. & Safety - (continued)



## Employer Contributions - City of San Leandro FY24/25— Normal Cost (as % of Payroll)

Plan Name	Rate Plan	Total Normal Cost	Employee Contributions	Employer Contributions
Miscellaneous	37	18.70%	7.59%	11.11%(\$2.9M)
Safety (Pooled)	38	38.29%	8.99%	29.30%(\$2.0M)
PEPRA Safety	<u>25027</u>	<u>29.22%</u>	<u>14.50%</u>	<u>14.72%(\$0.7M)</u>
	<b>Total</b>			\$5.6M

# Employer Contributions - City of San Leandro FY24/25— Total (\$mil)

Plan Name	Rate Plan	Employer Normal Cost (est.)	UAL Payments	Total Projected Employer Contributions
Miscellaneous	37	\$2.9	\$10.0	\$12.9
Safety (Pooled)	38	2.0	9.7	11.7
PEPRA Safety	<u>25027</u>	<u>0.70</u>	<u>0.04</u>	<u>0.74</u>
	<b>Total</b>	\$5.6	\$19.7	\$25.3*

\* 70% of projected payroll

## Significant Events Since the June 30, 2022 Valuation Date

- Preliminary investment return for FY22/23 is 6.2% compared to -6.1% in FY21/22.
- FY22/23 return less than expected of 6.80%, add investment loss base in 2023 valuation.
- Next Asset Liability Management study on economic assumptions is expected to be completed by November of 2025 which may affect discount rate.

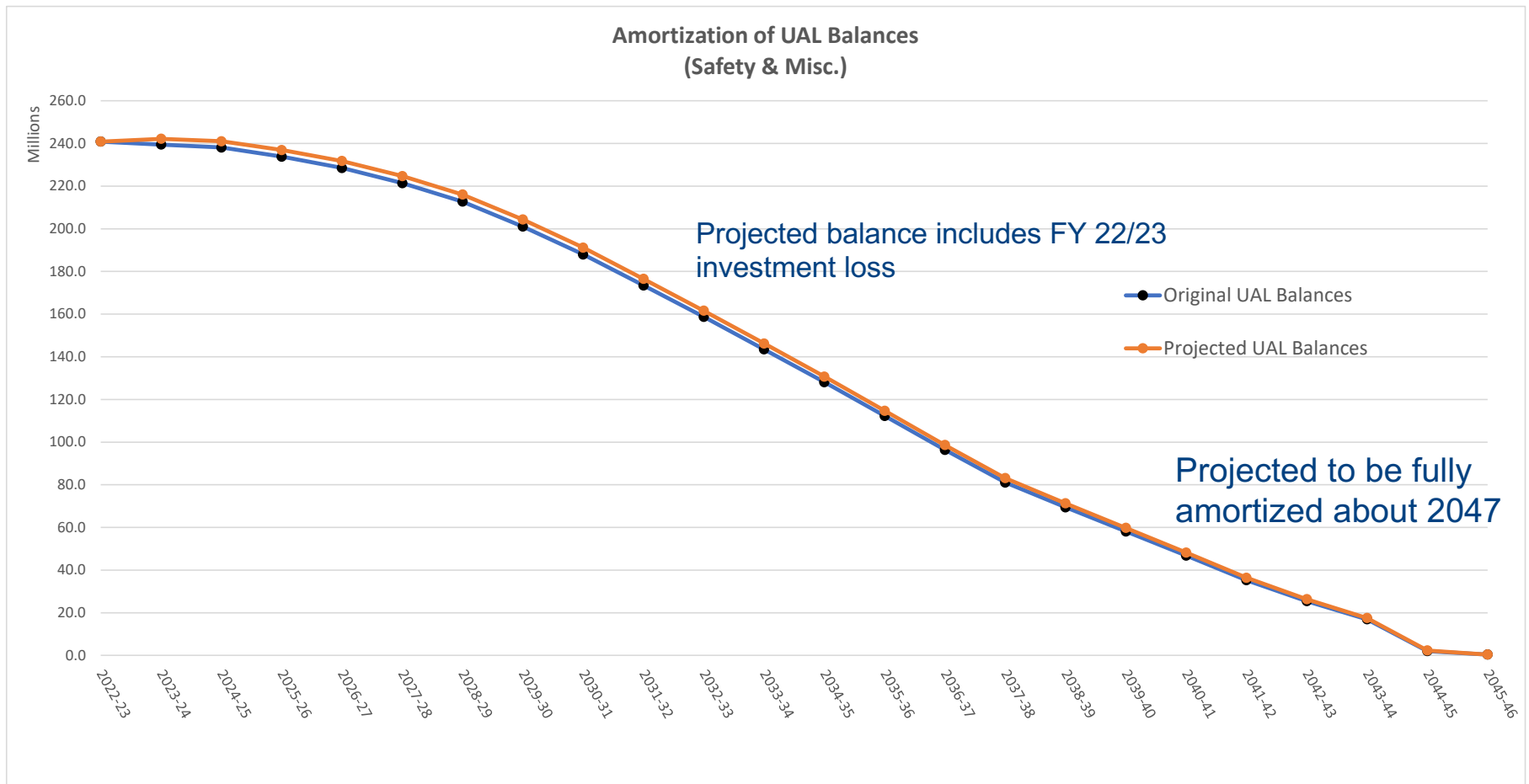
## Projections of June 30, 2022 Unfunded Accrued Liability

- Investment return of 6.2% in FY2022/23 projected to increase UAL balances slightly as of June 30, 2023 and increase the required employer contributions for fiscal year beginning 2025/26 to 2029/30.

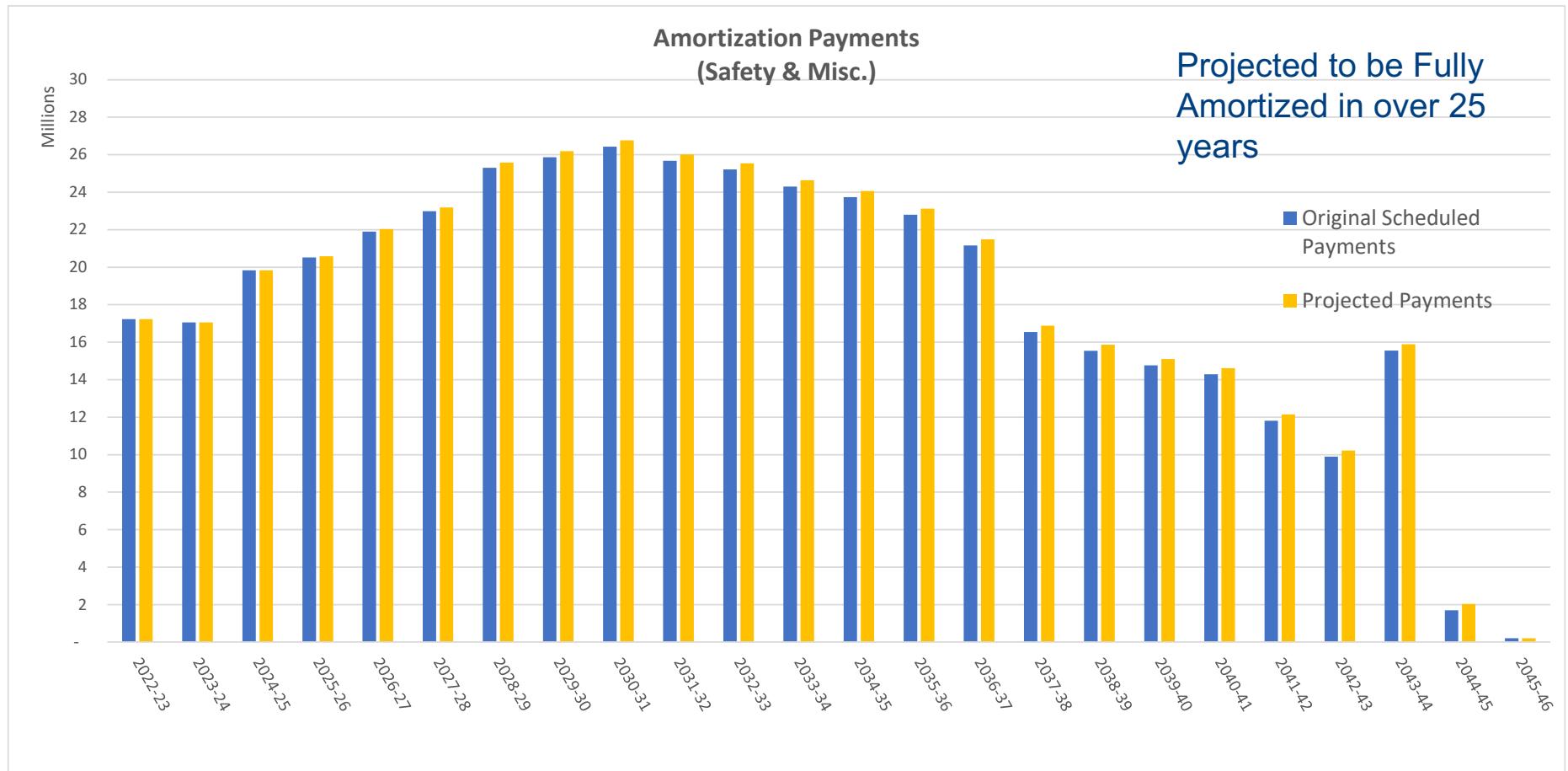
# Projections of June 30, 2022 Unfunded Accrued Liability (\$mil)

Plan Name	Rate Plan	Projected 6/30/2023 UAL Balance Before Investment Loss	Increase in UAL balance Due to FY 22-23 Inv. Loss	Projected 6/30/2023 UAL Balance After Investment Loss	Projected 06/30/2023 Funded Ratio%
Miscellaneous	37	\$117.5	\$1.3	\$118.8	66.6%
Safety (Pooled)	38	121.2	1.3	122.5	65.2%
PEPRA Safety	<u>25027</u>	<u>0.81</u>	<u>0.02</u>	<u>0.83</u>	86.0%
	<b>Total</b>	\$239.5	\$2.6	\$242.1	

# Projections of June 30, 2022 Unfunded Accrued Liability (continued)



# Projections of Amortization of UAL Payments

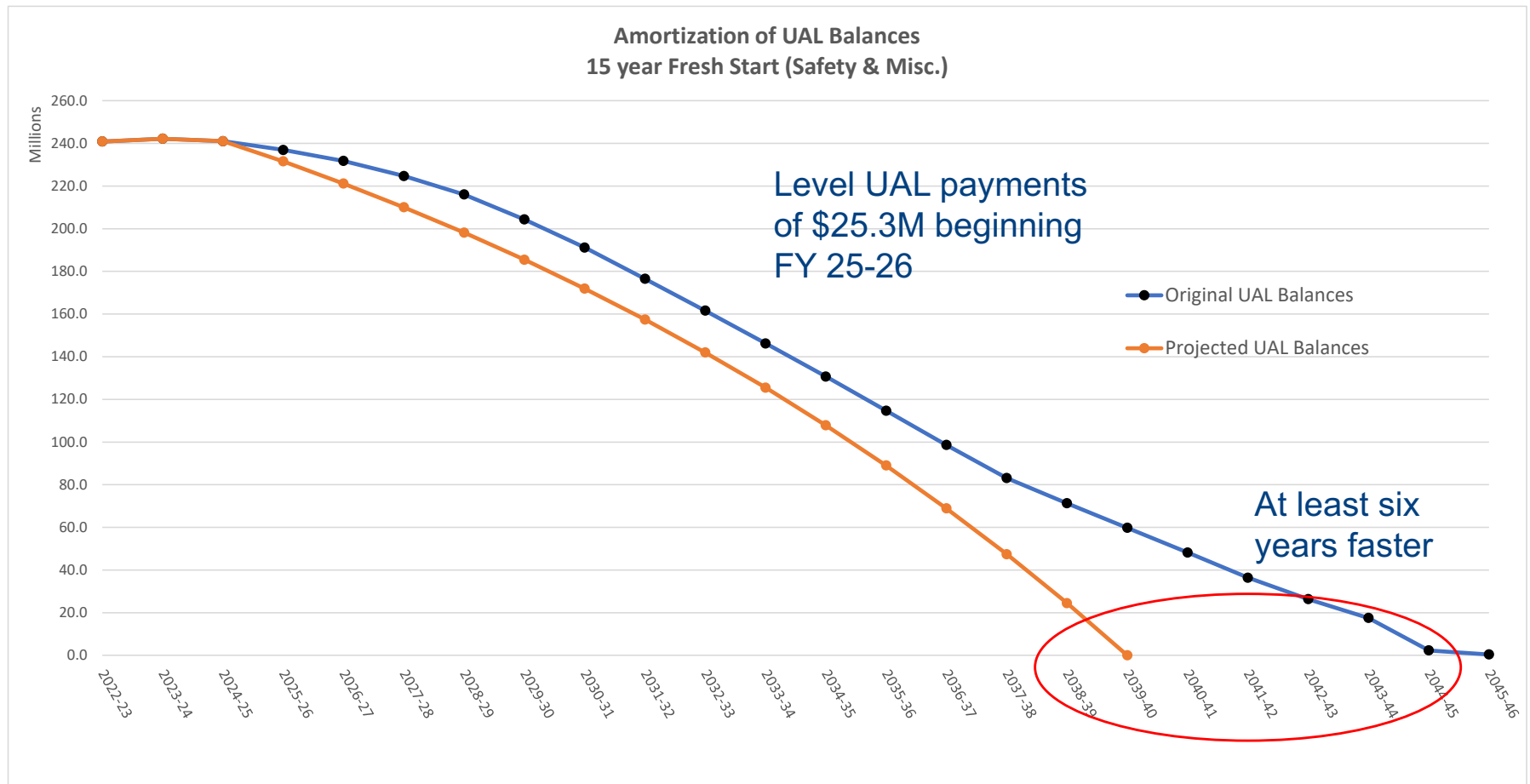




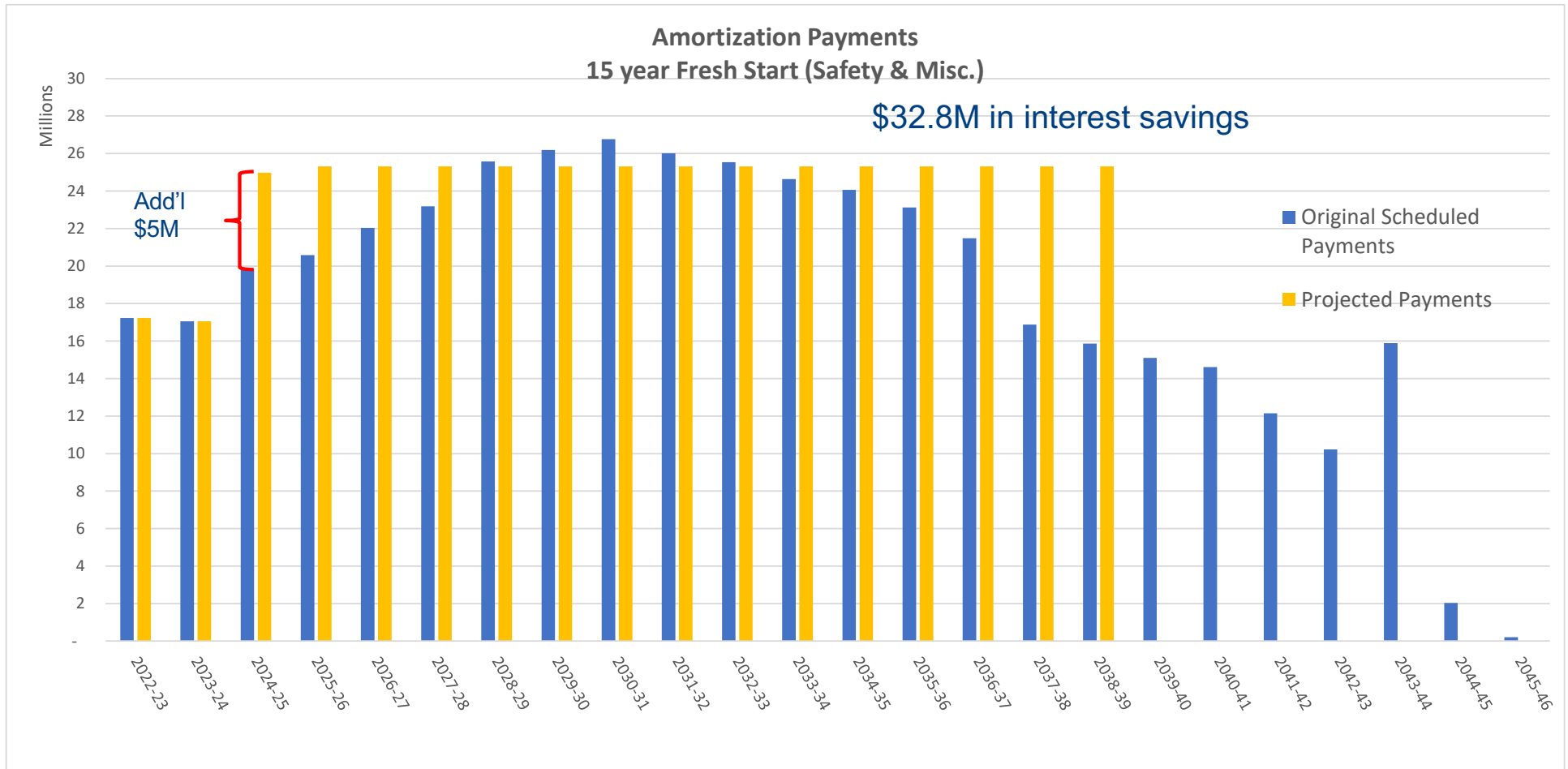
# Projections of Amortization of UAL Payments

- Fresh Start of all amortization bases over a period of 15 years beginning June 30, 2024
- Provide interest savings

# Projections of June 30, 2022 Unfunded Accrued Liability (after Fresh Start as of June 30, 2024)



# City of San Leandro - Projections of Amortization Payments (after Fresh Start as of June 30, 2024)



# City of San Leandro – Fresh Start as of June 30, 2024 Unfunded Accrued Liability (\$mil)

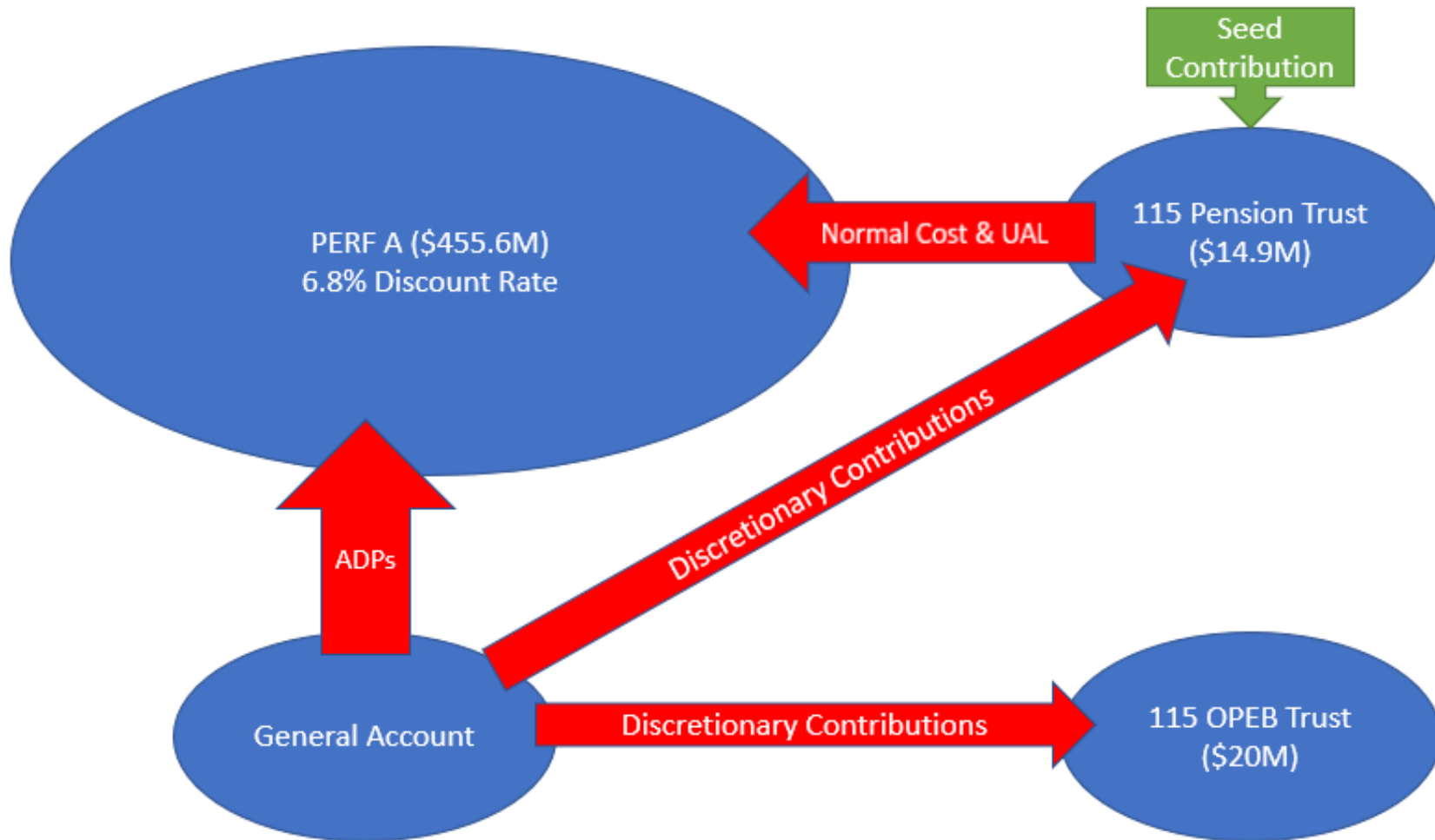
Plan Name	Rate Plan	Projected 6/30/2024 UAL Balance	Fresh Start Amortization Period	Fresh Start Annual Payment	Total Projected Interest Savings (over FS period)
Miscellaneous	37	\$117.9	15	\$12.2	\$17.6
Safety (Pooled)	38	122.2	15	12.7	14.9
PEPRA Safety	<u>25027</u>	<u>0.87</u>	<u>15</u>	<u>0.09</u>	<u>0.3</u>
	<b>Total</b>	\$241.0		\$25.0	<b>\$32.8</b>

Total UAL payments reduced from \$446.5M to \$413.7M

## Other Funding Alternatives

- Annual additional discretionary payments (ADPs), i.e. Soft Fresh Start.
- Contributions to a pension 115 Trust (e.g. CEPPT, PARS)
  - Short term funding vehicle, hence lower expected returns.
  - Reduce market volatility.
  - ER choices of assets allocation
- Funding an OPEB 115 trust? Making ADCs to reduce NOL.
- Paid-to-do-nothing. Keep money in general account?
- Pension Obligation Bond – may not be a good time.
- CalPERS modeling tools are available.

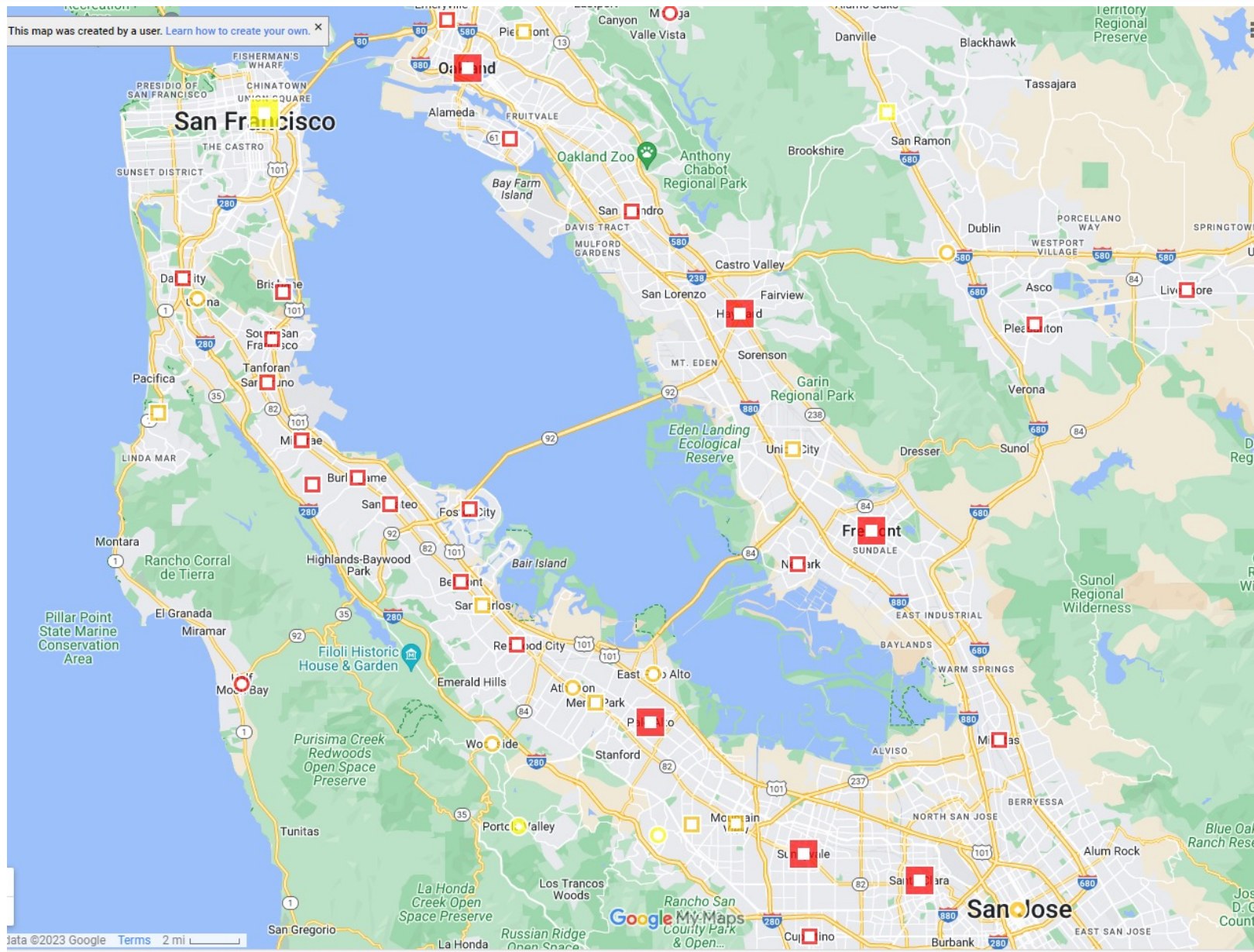
# Funding Alternatives



# Appendix :- Your Peers

## Bay Area Cities Funded Status as of June 30, 2022

# City of San Leandro Miscellaneous and Safety Plans







**City of San Leandro**  
October 2023

Discussions / Q&A