



## Legislation Text

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**File #:** 23-608, **Version:** 1

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Adopt a Resolution to Approve the Annual Update of the City OPEB and Pension Funding Policy

### **SUMMARY AND RECOMMENDATION**

Staff recommends the City Council adopt a resolution approving the OPEB and Pension Funding Policy for 2023-2024. The policy statement is approved annually.

### **BACKGROUND**

The City's OPEB and Pension Funding Policy requires the City Council annually to review and approve the City's trusts funding policy. The policy was initially approved on November 21, 2022.

A leading City Council priority is placing San Leandro on a firm foundation for long term fiscal sustainability. One component for achieving this goal is reducing the City's unfunded liabilities related to employee benefits (i.e., retiree health care and retirement pensions). An unfunded liability is the monetary difference between the estimated future costs of future benefits and the assets set aside to pay those benefits. The City currently has unfunded OPEB and pension liabilities for past (primarily retired) and current City employees.

### **DISCUSSION**

City unfunded liabilities fall into two categories-Other Post-Employment Benefits (OPEB) and pensions. OPEB refers to health benefits for employees who have retired from the City. The City provides its employees with a retiree health care plan that is relatively modest in scope with strict not-to-exceed monthly contribution caps, which has fortunately limited its associated long-term financial liability. Pension refers to the City employees' pension plan that is administered by the California Public Employees Retirement System (CalPERS).

Sound funding practices are facilitated by the written governing policy. The City's OPEB and Pension Funding policy includes guidelines calling for annual contributions, actuarial evaluations biennially, and minimizing volatility for each trust's Actuarial Determined Contribution. Compliance with the policy is an element of fiscal discipline considered by the auditors and ratings agencies during their respective reviews.

Staff proposes no material changes for 2023-2024 to the existing funding policy.

### **REVIEW BY THE CITY COUNCIL FINANCE COMMITTEE**

The City Council Finance Committee reviewed the OPEB and Pension Funding Policy on November 28, 2023 and unanimously recommended the policy be moved to the City Council for approval.

### **ATTACHMENT:**

- Attachment A - Resolution Approving the City of San Leandro OPEB and Pension Funding Policy

- Attachment B - OPEB and Pension Funding Policy

**PREPARED BY**

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