



## Agenda Report

18-1349

Agenda Date: 12/11/2018

### REPORT TO COUNCIL

#### SUBJECT

Presentation and Discussion on City Retirement Costs by Bartel & Associates LLC

#### BACKGROUND

In June 2018, the City of Santa Clara contracted with John Bartel with Bartel Associates, LLC, to conduct an actuary study on the City's CalPERS pension costs and determine future contribution rates. The City has worked with Mr. Bartel for over eight years during which time his firm has provided accurate and valuable information for projecting retirement costs including those used for our 10-year forecast. Mr. Bartel and his firm have over 300 clients, primarily in California, and specializes in providing states, counties, cities, and other public agencies with actuarial analysis including retiree medical and pension consulting services. Mr. Bartel is highly regarded across the region with municipal finance professionals and regularly speaks on retirement and pensions at conferences and events.

#### DISCUSSION

Mr. Bartel will present and discuss the City's retirement costs with the City Council as part of a Study Session. The Study Session is designed to inform and engage the Council about the rising cost of pensions, the trends and actions that have led to where we are today, and what is forecasted ahead. The impact of some of the key data elements that will be discussed include:

- Pension costs forecast, and the rate of increase over the next 10 years;
- CalPERS discount rate assumption decreasing from 7.5% to 7.0% over three years, with the likeliness of more to come due to investment returns under target; and,
- Unfunded liability increase for both pension plans from the previous year

Across all CalPERS cities in the State, pension costs continue to be an increasing concern. The development of the upcoming FY 2019/20 and FY 2020/21 Biennial Operating Budget and the update to the 10-Year General Fund Forecast will include these increasing costs. Planning for these increasing costs as part of the Forecast provides the City Council the tool to make strategic decisions for the long term in order to continue delivering the high level of service to our residents.

In addition to the Study Session, Mr. Bartel will conduct two informational employee sessions (10:30 a.m. - noon and 2:30 - 4 p.m.) on December 11, 2018 to discuss the City's pension costs for the Miscellaneous and Safety CalPERS retirement plans.

#### ENVIRONMENTAL REVIEW

The action being considered does not constitute a "project" within the meaning of the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines section 15378(b)(4) in that it is a fiscal activity that does not involve any commitment to any specific project which may result in a

potential significant impact on the environment.

**FISCAL IMPACT**

Costs associated with Bartel Associates, LLC presentation to the City Council are included in the FY 2018/19 Adopted Operating Budget.

**PUBLIC CONTACT**

Public contact was made by posting the Council agenda on the City's official-notice bulletin board outside City Hall Council Chambers. A complete agenda packet is available on the City's website and in the City Clerk's Office at least 72 hours prior to a Regular Meeting and 24 hours prior to a Special Meeting. A hard copy of any agenda report may be requested by contacting the City Clerk's Office at (408) 615-2220, email [clerk@santaclaraca.gov](mailto:clerk@santaclaraca.gov) <<mailto:clerk@santaclaraca.gov>> or at the public information desk at any City of Santa Clara public library.

Reviewed by: Angela Kraetsch, Director of Finance

Approved by: Deanna J. Santana, City Manager

**ATTACHMENTS**

1. Bartel Associates, LLC Report