

**CITY OF ALBANY
CITY COUNCIL AGENDA
STAFF REPORT**

Agenda Date: 1/19/10
Reviewed by: BP

SUBJECT: Police and Fire Relief and Pension Fund actuarial valuation as of June 30, 2009, and the City of Albany employer contribution to the fund for fiscal year 2009-10.

FROM: Kim Denton, City Treasurer
Charlie Adams, Finance & Administrative Services Director

STAFF RECOMMENDATION

- 1) Accept the Buck Consultants report on the actuarial valuation of the Police and Fire Relief and Pension Fund as of June 30, 2009.
- 2) Approve a contribution to the Fund of \$300,000 for the fiscal year 2009-10.

BACKGROUND

The Police and Fire Relief and Pension Fund (the Fund) is governed by Section 9.01 of the City Charter and provides benefits to retired police and fire personnel and eligible survivors, hired before July 1, 1971. Safety personnel hired after July 1, 1971 are provided retirement benefits through plans administered by the California Public Employees Retirement System (CalPERS).

In fiscal year 1982-83, the City enacted an *ad valorem* property tax to fund contributions to safety personnel pension funds. The actuarial valuation of the plan as of June 20, 2006 determined the plan was fully funded, and no contributions to the plan were made in fiscal years 2007-08 or 2008-09. Market losses of securities held by the plan in 2008 resulted in the re-establishment of an unfunded liability for the plan. The required annual contributions to amortize the unfunded liability will be determined by independent actuarial valuation of the Fund.

DISCUSSION/ANALYSIS

The Buck actuarial study determined the unfunded liability as of June 30, 2009 to be \$1,886,363 and the annual contribution to fund the liability over 15 years to be \$194,852. The Buck consultants recommended that a new actuarial study be performed as of June 30, 2012.

City staff recommends a contribution for fiscal year 2009-10 of \$300,000. This contribution exceeds the minimum contribution determined by the actuarial study, and provides a safety margin to compensate for any unfavorable changes in the demographic and financial factors that determine the unfunded liability.

SUSTAINABILITY IMPACT

Not applicable.

FINANCIAL IMPACT

The contribution will be made from the Pension Override Tax Fund, which currently contains sufficient funds for this contribution as well as contributions to CalPERS Safety plans, as approved in the fiscal year 2009-10 budget. This contribution will have no impact on the General Fund.

ATTACHMENT

Buck Consultants, Report on the Actuarial Valuation as of June 30, 2009