

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

Agenda Date: 07/19/2010

Reviewed by: BP

SUBJECT: Resolution No. 2010-40 – A resolution of the Albany City Council adopting the yearly tax rate for the pension override tax to fund City police and fire pension obligations

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

STAFF RECOMMENDATION

Approve Resolution No. 2010-40, a resolution of the Albany City Council adopting the yearly tax rate for the pension plans of the City of Albany submitted and approved by the Albany City Council in accordance with Assembly Bill 377 and Assembly Bill 13, the tax rate adopted is for the fiscal year beginning July 1, 2010 and ending June 30, 2011.

BACKGROUND

The City of Albany imposed an ad valorem property tax in fiscal year 1982/83 to pay the City's pension liability for police and fire retirees. The initial tax rate was set at 0.0993% of full value. This was the estimated rate required to fund the unfunded liability of the Police and Fire Relief or Pension Fund, which was closed to new participants. The actuarial valuation of the plan as of June 20, 2006 determined the plan was fully funded, and no contributions were made to the plan in 2007 or 2008. Market losses of securities held by the plan in 2008 resulted in the re-establishment of an unfunded liability in the plan. A contribution of \$300,000 was made to the Fund in fiscal year 2009-10. Contribution requirements for future years will be determined by independent actuarial valuation of the Fund. Funds generated by this tax are also used to partially fund required contributions to current CalPERS police and fire retirement plans.

FINANCIAL IMPACT

The rate of 0.0993% will generate tax proceeds of approximately \$1.35 million. Collection of these tax proceeds will ensure that the City has sufficient assets to pay any contributions that may be required to amortize the unfunded liability of the Police and Fire Relief or Pension Fund, and to ensure that the City has sufficient assets to pay the applicable portion of the current contributions to the CalPERS police and fire pension plans.