





Staff Report

City of Manhattan Beach

TO: Honorable Mayor Ward and Members of the City Council

THROUGH: Richard Thompson, Interim City Manager 

FROM: Bruce Moe, Finance Director 
Henry Mitzner, Controller

DATE: September 7, 2010

SUBJECT: Consideration of Resolution Adding Additional Signatories to the CalPERS Employer Benefit Trust Account for the City's Retiree Medical Benefits Program in Order to Process Reimbursements to the City for Benefit Payments

RECOMMENDATION:

Staff recommends that City Council adopt Resolution No. 6274 adding the City Manager, City Treasurer and City Controller to the list of authorized signatories to the City's retiree medical trust account At CalPERS.

FISCAL IMPLICATIONS:

There is no fiscal implication associated with the recommended action. The City will receive \$100,300 in reimbursement from our CalPERS retiree medical account for our FY 2009-2010 retiree medical expenses.

BACKGROUND:

In FY 2007-2008, the City contracted with CalPERS to provide trust and investment services for the City's "Other Post Employment Benefit" (OPEB) liabilities. These liabilities are for retiree medical benefits which the City has either agreed to fund through negotiations or are required by state law.

In June 2008, the City fully funded its accrued OPEB liabilities of \$6.4 million (see below for an update on funding status).

DISCUSSION:

Under our trust agreement with CalPERS, the City funds our actuarially determined liabilities in advance with CalPERS, pays retiree benefits, and then seeks reimbursement for the benefits paid. Annually, the City submits a reimbursement request to CalPERS after the close of the fiscal year for the total benefits paid.

Our original program parameters adopted by the City Council authorized the Finance Director to request the reimbursements from CalPERS. However, CalPERS has advised us that in order to seek reimbursements greater than \$10,000 in the future (which our typical reimbursements will exceed) the City needs to provide authorized signatories of two or more authorized individuals. As a result, staff recommends that we add the City Manager, City Treasurer and City Controller to the list of those authorized to approve requests for reimbursement for the City. Adoption of Resolution No. 6274 will formalize the action.

Funding Status

In late FY 2007-2008 the City fully funded its OPEB accrued liability for \$6.4 million with CalPERS. Market conditions rapidly declined shortly thereafter, reducing our funding status from \$6.4 million to \$4.95 million as of June 30, 2009. Since then, the markets have recovered somewhat, but remained volatile. As of June 30, 2010 our funding level was \$5.91 million.

Our most recent actuarial report of the City's accrued liabilities was presented to the City Council in June 2010. The report indicated that our liabilities exceeded our plan assets by \$979,000, which will need to be funded in addition to our normal required contributions. The increased funding was included in the FY 2010-2011 budget. Our next actuarial valuation is due to be performed after the close of FY 2010-2011, at which time we will receive an update on the accrued liability and any changes to our annual contributions.

Staff will provide funding status updates periodically.

Attachment: Resolution No. 6274

RESOLUTION NO. 6274

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, DELEGATING AUTHORITY TO REQUEST REIMBURSEMENTS FROM THE CALIFORNIA PUBLIC EMPLOYEES RETIREMENT SYSTEM "OTHER POST EMPLOYMENT BENEFITS PREFUNDING PLAN" TO THE CITY MANAGER, CITY TREASURER, FINANCE DIRECTOR AND CONTROLLER

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MANHATTAN BEACH, CALIFORNIA, HEREBY RESOLVES AS FOLLOWS:

SECTION 1. The City Council of the City of Manhattan Beach hereby makes the following findings:

- (a). the City of Manhattan Beach ("City") participates in the California Public Employees Retirement System (CalPERS) "Other Post Employment Prefunding Plan" ("Plan") to prefund its liabilities for certain post employment benefits including retiree medical benefits;
- (b). the City funds the Plan in advance and then requests reimbursements from the Plan after paying benefits to retirees;
- (c). CalPERS requires reimbursements in excess of ten thousand dollars (\$10,000) to be authorized by at least two authorized representatives of the City;
- (d). currently the City has only one representative, the Finance Director, authorized to request reimbursements; and
- (e). typical reimbursements in the future will exceed \$10,000, requiring the addition of authorized representatives to be filed with CalPERS.

SECTION 2. The City Council hereby delegates to the incumbents in the positions of City Manager, City Treasurer, Finance Director and Controller the authority to request on behalf of the City disbursements from the CalPERS Other Post Employment Prefunding Plan and to certify as to the purpose for which the disbursed funds will be used.

SECTION 3. The City Clerk shall certify to the passage and adoption of this resolution; shall cause the same to be entered among the original resolutions of said City; and shall make a minute of the passage and adoption thereof in the records of the proceedings of the City Council of said City in the minutes of the meeting at which the same is passed and adopted.

PASSED, APPROVED and ADOPTED this 7th day of September, 2010.

AYES:
NOES:
ABSENT:
ABSTAIN:

Mayor, City of Manhattan Beach, California

ATTEST:

City Clerk

APPROVED AS TO FORM:

By _____

City Attorney

