

**LOCATION:**

El Monte City Hall – East  
City Council Chambers  
11333 Valley Boulevard  
El Monte, CA 91731



**DATE AND TIME:**

Wednesday,  
July 10, 2019  
6:00 p.m.

# **CONCURRENT SPECIAL MEETING AGENDA OF THE CITY COUNCIL OF THE CITY OF EL MONTE**

MEETING JOINTLY AND REGULARLY WITH THE EL MONTE HOUSING AUTHORITY; EL MONTE PUBLIC FINANCING AUTHORITY; EL MONTE WATER AUTHORITY; EL MONTE PARKING AUTHORITY; SUCCESSOR AGENCY TO THE FORMER EL MONTE COMMUNITY REDEVELOPMENT AGENCY; HOUSING SUCCESSOR AGENCY; AND, FROM TIME TO TIME, SUCH OTHER BODIES OF THE CITY WHOSE MEMBERSHIP IS COMPOSED EXCLUSIVELY OF THE MEMBERSHIP OF THE CITY COUNCIL

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**COUNCILMEMBERS/AUTHORITY MEMBERS:**

*Andre Quintero, Mayor*

*♦ Jerry Velasco, Mayor Pro Tem ♦ Jessica Ancona, Councilmember*

*♦ Victoria Martinez Muela, Councilmember ♦ Maria Morales, Councilmember*

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**1. CALL TO ORDER OF SPECIAL MEETING:**

**2. ROLL CALL FOR CITY COUNCIL AND AUTHORITY BODIES:**

Andre Quintero, Mayor/Chair

Jerry Velasco, Mayor Pro Tem/Authority Member

Jessica Ancona, Councilmember/Authority Member

Victoria Martinez Muela, Councilmember/Authority Member

Maria Morales, Councilmember/Authority Member

**3. APPROVAL OF AGENDA:**

**City Council Concurrent Special Meeting of July 10, 2019**

**4. INVOCATION:**

**5. FLAG SALUTE:**

**6. SPECIAL MEETING PUBLIC COMMENT REGARDING AGENDIZED MATTERS ONLY:**

As provided under **Government Code Section 54954.3**, this time has been set aside for persons in the audience to provide comment or make inquiries on matters appearing on this **Special Meeting agenda only**. Although no person is required to provide their name and address as a condition to attending a meeting, persons who wish to address the body are asked to state their name and address. Each speaker will be limited to three (3) continuous minutes. Speakers may not lend any portion of their speaking time to other persons or borrow additional time from other persons. All comments or queries presented by a speaker shall be addressed to the body as a whole and not to any specific member thereof. No questions shall be posed to any member of the body except through the presiding official of the meeting, members of the body are under no obligation to respond to questions posed by speakers but may provide brief clarifying responses to any comment made or questions posed. The body may not engage in any sort of prolonged discussion or deliberation with any speaker or group of speakers on matters that are not listed on this Special Meeting agenda.

*Enforcement of Decorum:* The Chief of Police of the City of El Monte, or such member, or members of the Police Department as the Chief of Police may designate, shall serve as the Sergeant-at-Arms of the meeting. The Sergeant-at-Arms shall carry out all orders and instructions given by the presiding official for the purpose of maintaining order and decorum at the meeting. While members of the public are free to level criticism of policies and the action(s) or proposed action(s) of the body or its members, members of the public may not engage in behavior that is disruptive to the orderly conduct of the proceedings, including, but not limited to, conduct that prevents other members of the public from being heard when it is their opportunity to speak or which prevents members of the audience from hearing or seeing the proceedings. Members of the public may not threaten any person with physical harm or act in a manner that may reasonably be interpreted as an imminent threat of physical harm. All persons attending the meeting must adhere to policies barring harassment based upon a person's race, religious creed, color, national origin, ancestry, physical handicap, medical condition, marital status, gender, sexual orientation or age.



**City Council Concurrent Special Meeting of July 10, 2019**

**7. CONSENT CALENDAR:**

**7.1 Consideration and Authorization to Prepay the Monthly Unfunded Accrued Liability (UAL) Portion of the CalPERS Retirement Costs Budgeted for Fiscal Year 2019-2020.**

RECOMMENDATION OF BUSINESS ITEM UNDER CONSIDERATION:

It is recommended that the City Council:

1. Consider and authorize the prepayment of the Unfunded Accrued Liability (UAL) portion of the CalPERS retirement costs budgeted for Fiscal Year 2019-2020 at a discounted rate; and
2. Direct staff to pay the UAL portion of the budgeted retirement costs for Fiscal Year 2019-2020 to CalPERS on or before July 31, 2019 in the total amount of \$11,784,118.

Total Cost: \$11,784,118

Account No: 200-11-112-5224

Is the cost of this item budgeted? Yes

**8. ADJOURNMENT:**

The next Regular Meeting of the City Council will be held on **July 16, 2019** at 6:00 p.m. This Agenda will be posted on the City's website, [www.ci.el-monte.ca.us](http://www.ci.el-monte.ca.us), and physically posted no less than 72 hours prior to the start of the subject regular meeting. Although it is the City's practice and desire to electronically post a copy of this Agenda along with supporting material as part of its website posting, the size or formatting of certain supporting materials may render their website posting infeasible. Nevertheless, all supporting materials related to any item on this Agenda, that is made available to the members of the council may be inspected by members of the public at the City Clerk's Office located at 11333 Valley Boulevard, El Monte, Monday through Thursday, 7:00 am – 5:30 pm. For more information, please call the City Clerk's Office at 626-580-2016.

All public meetings and events sponsored or conducted by the City of El Monte are held in sites accessible to persons with disabilities. Requests for accommodations may be made by calling the office of the City Clerk at (626) 580-2016 at least three (3) working days prior to the event, if possible. This Agenda and copies of documents distributed at the meeting are available in alternative formats upon request.

*Posted: July 8, 2019 at 5:30 p.m.*





# **CITY OF EL MONTE**

*CITY MANAGER'S OFFICE*  
CITY COUNCIL AGENDA REPORT

CITY COUNCIL MEETING OF JULY 10, 2019

July 8, 2019

The Honorable Mayor and City Council  
City of El Monte  
11333 Valley Boulevard  
El Monte, CA 91731

Dear Mayor and City Council:

**CONSIDERATION AND AUTHORIZATION TO PREPAY THE MONTHLY UNFUNDED ACCRUED LIABILITY (UAL) PORTION OF THE CalPERS RETIREMENT COSTS BUDGETED FOR FISCAL YEAR 2019-2020.**

**IT IS RECOMMENDED THAT THE CITY COUNCIL:**

1. Consider and authorize the prepayment of the Unfunded Accrued Liability (UAL) portion of the CalPERS retirement costs budgeted for Fiscal Year 2019-20 at a discounted rate; and
2. Direct staff to pay the UAL portion of the budgeted retirement costs for Fiscal Year 2019-20 to CalPERS on or before July 31, 2019 in the total amount of \$11,784,118.

## **PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

Prior to Fiscal Year 2017-18, non-pooled plans such as the City of El Monte's contract agreement with California Public Employees' Retirement System (CalPERS) reflected all contributions as a percentage of payroll costs which was referred to as the Required Employer Contribution. The Required Employee Contribution percentage represented the combination of both the Normal Cost (NC) along with the built in percentage towards the annual Unfunded Accrued Liability (UAL). Starting FY 2017-18, these two components are billed separately by CalPERS. The Normal Cost (NC) Rate represents the annual cost of service accrual for the upcoming fiscal year, for active

employees. Normal cost is shown as a percentage of payroll costs and paid as part of the payroll reporting process. The annual payment of the Unfunded Accrued Liability (UAL) is the amortized dollar amount needed to fund past service credit earned (or accrued) for members who are currently receiving benefits, active members, and for members entitled to deferred benefits, as of the valuation date. The UAL is billed monthly however CalPERS offers the option to pay the annual UAL by July 31<sup>st</sup> of each year and forego annual interest costs. The saving of prepaying the UAL for FY 2019-20 is \$419,702 which represents an interest rate saving of 6.51%.

### **FISCAL IMPACT**

The total UAL obligation owed to CalPERS for fiscal year 2019-20 is \$12,203,820. If paid by July 31, 2019 the City would pay \$11,784,118, represents an annual savings of \$419,702. The City does have the option to make 12 monthly payments of \$1,016,985 to CalPERS which would represent a total annual cost of \$12,203,803. The cash balance in the retirement fund at June 30, 2019 is projected to be approximately \$3.7 million which would create a shortfall of approximately \$2.87 million. This shortfall could be absorbed by a transfer from the General Fund or a temporary loan from another fund. If the City issued Pension Obligation Bonds (POB) the net proceeds from the bonds could be used to absorb the \$2.87 million fund balance deficit for this fiscal year.

It should be noted that this prepayment is an annual payment in lieu of 12 monthly payments that would be due every month even if this option was not exercised.

Even if the City issued a Pension Obligation Bonds (POB) during FY 2019-20 the City would still be required to pay the current UAL either the full current liability of \$12.2 million or the discounted amount of \$11.7 million for this fiscal year. Potential savings could be recognized in future years through the issuance of the pension bonds.

### **CONCLUSION**

It is requested that the City Council authorize the prepayment of the Unfunded Accrued Liability (UAL) portion of the CalPERS retirement costs budgeted for Fiscal Year 2019-20 in the amount of \$11,784,118 representing a cost savings of \$419,702 to the Retirement Fund.

Respectfully submitted,

ALEX HAMILTON  
City Manager

ALMA MARTINEZ  
Assistant City Manager

  
BRUCE FOLTZ  
Finance Director

Attachments

1. Safety Plan Required UAL Payment:
2. Miscellaneous Plan Required UAL Payment:

DATE: JULY 10, 2019
PRESENTED TO EL MONTE CITY COUNCIL
<input type="checkbox"/> APPROVED
<input type="checkbox"/> DENIED
<input type="checkbox"/> PULLED
<input type="checkbox"/> RECEIVE AND FILE
<input type="checkbox"/> CONTINUED
<input type="checkbox"/> REFERRED TO
CHIEF DEPUTY CITY CLERK



P.O. Box 942715 Sacramento, CA 94229-2715  
 888 CalPERS (or 888-225-7377) | Fax: (800) 959-6545  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

California Public Employees' Retirement System

July 01, 2019

City of El Monte  
 Christine N Rosado  
 11333 VALLEY BLVD  
 EL MONTE, CA 91731

Business Unit: 1900  
 CalPERS ID: 6241013965  
 Invoice Number: 100000015709205  
 Invoice Date: July 01, 2019  
 Payment Due Date: July 31, 2019

Description	Amount				
<p>Annual Unfunded Accrued Liability as of the June 30, 2017 Actuarial Valuation for Rate Plan Identifier 114.</p> <p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability Contribution Amount.</p> <p>Your agency's monthly amount due toward the Unfunded Accrued Liability is:</p> <table border="0" data-bbox="203 1066 625 1129"> <tr> <td>Amount</td> <td>Due Date</td> </tr> <tr> <td>\$664,337.00</td> <td>July 31, 2019</td> </tr> </table> <p>If you would like to prepay the entire Annual Payment toward your Plan's Unfunded Accrued Liability, you can submit the Annual Lump Sum Prepayment amount of \$7,697,879.00 to the invoice number above by July 31, 2019 instead of the monthly amount listed.</p> <p>Please refer to the June 30, 2017 Actuarial Valuation report for the details of this calculation. Reports are available at CalPERS On-Line or by visiting <a href="http://MyCalPERS.CA.GOV">MyCalPERS.CA.GOV</a>.</p> <p>Unfunded Accrued Liability contributions are to be paid in full by the payment due date each month. Payments that are not received in full on or before this date will be assessed interest on the total outstanding balance due (Public Employees' Retirement Law § 20572 (b)). Please note that this monthly statement is a demand for payment in accordance with Public Employees' Retirement Law § 20572 (a).</p> <p><b>For questions concerning your invoice, please call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377) and ask to be referred to the Financial Office.</b></p>	Amount	Due Date	\$664,337.00	July 31, 2019	
Amount	Due Date				
\$664,337.00	July 31, 2019				
<b>Total Due</b>	<b>\$664,337.00</b>				

California Public Employees' Retirement System  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

Please pay this statement using Electronic Funds Transfer (EFT) debit or Automated Clearing House (ACH) credit method. Please visit [MyCalPERS.CA.GOV](http://MyCalPERS.CA.GOV) to schedule a debit EFT payment or call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377) for information regarding EFT ACH credit payments. Please allow two banking days prior to the due date for payments to be received at CalPERS on time.

California Public Employees' Retirement System  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

my|CalPERS 2263

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California Public Employees' Retirement System

July 01, 2019

City of El Monte  
 Christine N Rosado  
 11333 VALLEY BLVD  
 EL MONTE, CA 91731

Business Unit: 1900  
 CalPERS ID: 6241013965  
 Invoice Number: 10000015709195  
 Invoice Date: July 01, 2019  
 Payment Due Date: July 31, 2019

Description	Amount				
<p>Annual Unfunded Accrued Liability as of the June 30, 2017 Actuarial Valuation for Rate Plan Identifier 113.</p> <p>The total minimum required employer contribution is the sum of the Plan's Employer Normal Cost Rate (expressed as a percentage of payroll) plus the Employer Unfunded Accrued Liability Contribution Amount.</p> <p>Your agency's monthly amount due toward the Unfunded Accrued Liability is:</p> <table data-bbox="203 1066 630 1129"> <tr> <td>Amount</td> <td>Due Date</td> </tr> <tr> <td>\$352,648.00</td> <td>July 31, 2019</td> </tr> </table> <p>If you would like to prepay the entire Annual Payment toward your Plan's Unfunded Accrued Liability, you can submit the Annual Lump Sum Prepayment amount of \$4,086,239.00 to the invoice number above by July 31, 2019 instead of the monthly amount listed.</p> <p>Please refer to the June 30, 2017 Actuarial Valuation report for the details of this calculation. Reports are available at CalPERS On-Line or by visiting <a href="http://MyCalPERS.CA.GOV">MyCalPERS.CA.GOV</a>.</p> <p>Unfunded Accrued Liability contributions are to be paid in full by the payment due date each month. Payments that are not received in full on or before this date will be assessed interest on the total outstanding balance due (Public Employees' Retirement Law § 20572 (b)). Please note that this monthly statement is a demand for payment in accordance with Public Employees' Retirement Law § 20572 (a).</p> <p><b>For questions concerning your invoice, please call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377) and ask to be referred to the Financial Office.</b></p>	Amount	Due Date	\$352,648.00	July 31, 2019	
Amount	Due Date				
\$352,648.00	July 31, 2019				
<b>Total Due</b>	<b>\$352,648.00</b>				

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