Topic:	CalPERS Unfunded Liability Payment
Type:	New Business
Item For:	Discussion/Action
Purpose:	Action; Approve Budget Amendment for additional pension liability payment

SUBMITTED BY:	Jim Peifer Executive Director and Tom Hoffart Finance Director	PRESENTER:	Jim Peifer Executive Director and Tom Hoffart Finance Director

EXECUTIVE SUMMARY
This is a discussion/action item for the Board of Directors to consider an additional Pension - Unfunded Liability payment to CalPERS.

STAFF RECOMMENDED ACTION

Approve a fiscal year 2025/26 Budget Amendment for an increase of $50,000 to the Pension - Unfunded Liability payment and direct staff to make an additional $50,000 payment towards the CalPERS unfunded pension liability.

BACKGROUND

At the April Board of Directors meeting when the Board was considering the FY 2025/2026 budget, Director Costa suggested that the SGA make an additional payment to CalPERS to pay off the pension liability. Director Costa had indicated that the San Juan Water District (SJWD) made an additional payment which resulted in a savings to the SJWD. A copy of the SJWD staff report from their April Board meeting is attached.

Policy 400.4 currently governs additional unfunded pension liability payments to CalPERS. Generally, the unfunded pension liability for any given year is divided by four, and that amount is programed into the annual SGA budget for an additional payment. For this fiscal year, the additional payment amount is $60,400, which was based on the unfunded pension liability of $241,305 as of June 30, 2023 (most recent actuary valuation at the time of budget adoption).

At the August Board of Directors meeting the Board gave staff direction to propose an additional payment on top of the previously budgeted $60,400 payment.

Staff is proposing a one-time additional unfunded pension liability payment of $50,000 for a total fiscal year 2025/26 payment of $110,400. The SGA finances are sufficient to support this payment and will fund this amount with undesignated reserves.

ATTACHMENTS
Attachment 1 – SJWD Staff Report – Payment to Reduce Unfunded Actuarial Pension Liability (April 16, 2025)
Attachment 2 – Policy 400.4 (Defined Benefit Pension Plan Funding Policy)