



## **PRESS RELEASE**

### **FOR IMMEDIATE RELEASE**

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### **COUNCIL ADOPTS MID-TERM BUDGET, CAPITAL IMPROVEMENT PROGRAM AND INVESTMENT STRATEGIES TO PRE-FUND PENSION COSTS**

PLEASANTON, Calif. — At last night’s City Council meeting, the Council adopted its mid-term operating budget and Capital Improvement Program for fiscal year (FY) 2018/19, as well as approved a new investment strategy to better address the City’s CalPERS unfunded liability.

The mid-term budget update is based on estimates of current financial conditions for the second year in the City’s two-year budget cycle, originally adopted in June 2017. The update includes adjustments to a number of funds and includes the City’s General Fund, Enterprise Funds, Internal Service Funds, and Special Revenue Funds. As a result of these adjustments, the General Fund operating budget remains balanced at \$114.8 million with \$24.8 million in reserves. Here is a link to view the report in its entirety—

[City of Pleasanton FY 2018/19 Mid-Term Update Operating Budget and Capital Improvement Program](#)

Citywide Budget Overview (in millions)

<b>Fund Categories</b>	<b>FY 2018/19 Original Budget</b>	<b>FY 2018/19 Mid-Term Budget</b>
General Fund	\$110.4	\$114.8
Enterprise Funds	42.1	45.2
Internal Service Funds	17.0	18.5
Special Revenue Funds	2.6	3.0
<b>Total Expenditures</b>	<b>\$172.1</b>	<b>\$181.5</b>

The CIP budget, also a two-year budget forecast, was updated to ensure the City’s newly approved infrastructure and capital improvement needs are adequately addressed and appropriately funded. A mid-term review of the CIP was conducted to amend, add or eliminate projects based on Council priority and community need. Estimates for FY 2018/19 mid-term CIP total \$33.4 million, an increase of \$7.9 million from the \$25.6 million originally projected in June 2017. The increased funding in the updated CIP projections will allow funding for some of the following projects: \$500,000 Valley Avenue soundwall replacement; \$500,000 for basketball court renovations; \$645,000 for playground replacements; \$136,000 for Bernal Park and Ride lot; \$90,000 for signal upgrade on Owens Drive; \$300,000 to fund City’s portion of Tri-Valley Potable Reuse Master Plan; \$410,000 to replace library roof; \$2.2 million for street improvements; \$1.3 million to design and construct a second turn lane for the westbound Bernal Avenue at First Street; and \$1.5 million for Hopyard Road and Owens Drive intersection improvements. For a complete list of CIP projects for the coming year click here: [City of Pleasanton FY 2018/19 Mid-Term Update Operating Budget and Capital Improvement Program](#)

The final action of last night's meeting was the approval of a new investment strategy for the City's pension fund, set up to address the unfunded liability from CalPERS, which is approximately \$160 million. Based on recent CalPERS policy decisions, cities throughout the State are grappling with how to fund pension contributions that were to be covered by CalPERS investment earnings. To fully fund the City's pension liabilities, annual pension contributions to CalPERS are anticipated to grow through FY 2029/30 and level off around FY 2046/47, at which time the City will have fully funded its obligations. To help cover those increased pension contributions in future years and maintain more control over City investments, Council authorized the City to participate in what is known as a Section 115 Pension Trust, administered by Public Agency Retirement Services (PARS). The vote was to adopt specific investment strategies and withdrawal guidelines, and allocate the initial \$28 million as follows: The annual PERS contribution of \$6.7 million will be invested into the PARS Conservative passive portfolio and \$21.3 million will be invested in a long-term portfolio that comprises 70 percent equities and 30 percent fixed income.

In 2017, the City realized 1.7 percent rate of return on its investments; the PARS portfolio of investments realized gains between 6.73 percent and 16.72 percent in the same year. "One of our guiding principles is the continued implementation of sustainable fiscal practices. This investment strategy will allow us to maintain core City services, while also ensure funds are available in the future to help pay off our long-term pension obligations," said Pleasanton City Manager Nelson Fialho.

The Pleasanton City Council voted unanimously on the three separate agenda items. For more information, contact City Finance Director Tina Olson at 925-931- 5402 or [tolson@cityofpleasantonca.gov](mailto:tolson@cityofpleasantonca.gov)

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