

PVE Pension Ad-Hoc Committee

Brainstorming Ideas

Unattributed, Grouped by Category

Policy/Governance

Priority	Strategy	Note	Refer to
	Investigate the pros and cons of exiting CalPERS in the future, and of the alternate pension management resources. (Something that can be looked at but there)	May be a future possibility. All depends on future Supreme Court decisions or future state-wide ballot measures	RSI will monitor for updates
	Address legacy and new debt with separate but coordinated approaches	See options in other categories	
	Have Staff pay a fair share of costs associated with CalPERS shortfalls (and unfunded levels) rather than the City bearing the full cost, moving forward	Employees can be required to pay higher contributions, however this is a labor issue that requires following MMBA negotiating process. Could be part of a "Grand Bargain"	
	Grand Bargain: an agreement where the city aggressively pays off debt with a new tax and employees increase contributions, so everyone has skin in the game	Labor issue that requires following MMBA negotiating process.	
	In-Source police services for RHE and/or Rancho PD	Would provide efficiencies and economies of scale, Potential revenue source.	Need consultant to analyze?
	Create Police District/JPA to provide consolidated regional police services	Would provide efficiencies and economies of scale, Potential revenue source.	Need consultant to analyze?
	Create a Grant writer position to seek any/all grant funding opportunities		FAC/Council

Debt Management

Priority	Strategy	Note	Refer to
	Retiring/Pay off your smaller plan debt. Pay off your two smaller plans with the debt of \$26,000 and then manage your payments for both of those plans in order to keep them 100% funded. (save the interest and the cumulative impact) <i>Option 1:</i> Pay off PEPRAs debt first, then classic plans debt <i>Option 2:</i> Make all contributions to higher debt first and then pay off lower debt later.		
	Seek more accurate normal Cost Calculations	Policy decision: what assumptions match PVE's risk tolerance	
	Report Pension Debt using assumptions that match PVE's risk tolerance.	<i>Option 1:</i> Stakeholder groups (IAC, FAC, Pension Ad Hoc) recommend to Council assumptions to be established. <i>Option 1:</i> Council policy to determine appropriate assumptions to be established. Calculate pension payments and obligations using these assumptions.	

	Shorten Debt Amortization schedule (10 yr./15 yr./20 yr.)	RSI sending out to model fiscal impacts. Can PVE use GovInvest to do same?	
	Shorten Debt Amortization schedule, with <i>Fresh Start</i>	RSI sending out to model fiscal impacts. Can PVE use GovInvest to do same?	
	Pay additional contributions when necessary to avoid negative amortization.		

Budget

Priority	Strategy	Note	Refer to
	Clearly report all long-term liabilities in the budget		FAC/Council
	Report pension debt by department in the budget		FAC/Council
	Council budget process modified to incorporate Debt Management		FAC/Council
	Council budget process to include impacts to pension debt related to new/future services		FAC/Council
	Implement Zero-Based budgeting		FAC/Council
	Incorporate budget line-item review		FAC/Council
	Create "One-Time Revenue" policy		FAC/Council
	Create "Ending Fund Balance" policy		FAC/Council
	Create Budget in Brief document to make budget more understandable/digestible		FAC/Council
	Incorporate Info Graphics in budget		FAC/Council
	Reduce all budgets 5% across the board and dedicate this revenue to pension debt relief		FAC/Council
	Salary Freeze until deficits resolved	Labor issue that requires following MMBA negotiating process.	FAC/Council
	Conduct operational review to see if staffing levels can be reduced, and apply savings to pension payments (performance auditing rather than consultant review)		FAC/Council
	Conduct thorough review of contracts and benchmark to comparable to ensure we are paying Staff appropriately and incurring appropriate pension responsibility		FAC/Council
	Create a compensation committee to create policies, oversee compensation and report out to the community	Just be cautious of any potential labor issues	FAC/Council
	Part time code enforcement officer who is able to cite homes that are abandoned we do have in our ordinance, if a home becomes unsightly and there is not ground cover you can be fined. Create vacant home ordinance with appropriate fines.		FAC/Council
	Identify current revenue stream to dedicate to pension debt		FAC/Council

Communication/Reporting

Priority	Strategy	Note	Refer to
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	<p>Increase transparency of Committee progress:</p> <ul style="list-style-type: none"> • Create a Webpage on the City site of the options, timeline, status and members • Show the options being considered and outcome (legal? cost? Impact?) • Provide information about the problem and impact to employees and residents in easily digestible format. • Provide such information in graphs using OpenGov for more engaged constituents • Allow the public to submit suggestions 	<i>Implemented</i>	
	<p>Incorporate on PVE website: A clear statement of the issue, such as Our community as does many other CA communities owes its employees a pension obligation that has been both earned and is expected to be earned. Our current obligation is approximately \$16,000,000 (need to fill in exact figure). This is a legally binding obligation based on a good faith agreement between our past and current employees. This obligation is a debt, not unlike a mortgage that has to be paid down annually.</p>		
	<p>Incorporate on PVE website: Charts that represent the community's financial status over the past 5 years: update charts for income vs. expenses, unrestricted available funds balance, and absolute level of pension debt.</p>		
	<p>Incorporate on PVE website: The city council, the FAC and the Pension Ad Hoc are working to identify solutions A long-range financial plan is being developed which will be shared with the community. All prospective new sources of revenue and all cost reduction initiatives will be identified and modeled. (Show income, expense, fund balances and pension liability for each year of the long-range plan probably 5 years) Show all Departmental historical costs and prospective budgets on a fully allocated basis, (all costs associated with the activities of that department will be assigned to the specific department) will be shown and benchmarked against cities of similar size and nature. All prospective cost reduction initiatives will be identified and modeled. (Prior 5 years, future 2 to 5 years) A listing from high annual cost to low cost of non-essential activities (annual fully allocated cost) Finally recommended actions to reduce and contain the community's pension liability will be individually financially modeled and incorporated into the long-range plan.</p>		
	<p>Create clear, simple reporting that shows historical, current and forecasted pension liabilities and payments (by source) and make available to the public</p>		
	<p>Discontinue organizational memberships that are not required in order to provide for essential services to residents</p>		

Revenue/Bonding

Priority	Strategy	Note	Refer to
	Establish a 115 Trust for Legacy Debt retirement		
	Establish a 115 Trust to hedge Future Debt Accumulation		
	Establish a 115 Trust to offset future Normal Cost contributions		
	Establish a Budget Reserve fund for Legacy Debt retirement		
	Establish a Budget Reserve fund to hedge Future Debt Accumulation		
	Establish a Budget Reserve fund to offset future Normal Cost contributions		
	New Temporary general purpose Parcel Tax		
	New Temporary special purpose Parcel Tax restricted to CalPERS debt retirement <i>Option 1:</i> Tax to cover only the accelerated debt payments <i>Option 2:</i> Tax to all required debt payments	Combine with Shorten Debt Amortization schedule (10 yr./15 yr./20 yr.). Determine interest savings. <i>Option 1:</i> Relieves General Fund of projected increased debt payments, relieving GF of future budget pressure. <i>Option 2:</i> Immediate GF relief (~\$1M)	
	New general purpose Parcel Tax		
	New special purpose Parcel Tax restricted to CalPERS debt retirement		
	One-time special assessment to retire pension debt		
	Other tax Measures		
	Land sale- Sell George Allen Field (Via Zurita) and rezone for housing development. This underutilized field provides a significant land area in a particularly high home value area. The sale of the land alone would more than likely generate enough revenue to pay off the unfunded liability debt immediately. Additionally, it would generate revenue for building costs associated with the land, as well as provide additional property tax revenue.	Selling parkland is politically sensitive and very difficult. The public values open space. Previous attempts were litigated. The most recent case was settled – leaving the Homes Association nearly bankrupt; hundreds of thousands of dollars in legal fees were wasted.	
	Check to see what land is zoned as park land, and if it could be rezoned to something different within the city limits.	See above	
	Concession Contracts- Rework the contracts for all concessions in PVE (stables, golf club/course, beach and athletic club). Over the last 10 years, despite rising costs, property values, remodeling, the contracts associated with these properties have not yielded an increase in revenue proportionate to the previously mentioned factors. Furthermore, we are losing revenue on some of these contracts. The PVE stables recently negotiated a contract in which the city is not receiving concessions from the stables. Additionally, the city paid the stables for refurbishment to the property. This is been a tough financial decision that has been difficult to swallow by most city employees considering the nature of budget cuts that have occurred / been proposed over the last couple years. Give an hour near nonexistent sale/retail tax revenue, these concessions need to be a more significant source of revenue. Residents would understand this while still maintaining the exclusivity of these concessions that they enjoy.	Golf Course/Tennis Club: Council approved a 20 year concession agreement a year or two back; previously council has allowed an amendment; they've spent millions remodeling. Beach Club: Renewal is on the horizon. In the early 90's significant money was invested by members. Prior discussions of third party management company were sensitive. Potential changes will be subject to Coastal Commission review.	

	Merge the golf and tennis clubs, put a high end boutique hotel there. Will generate ToT income to help us fund (police, pensions, CIP,)	There have been some discussions between the tennis and golf clubs around collaboration . An architect would need analysis of whether the configuration would allow retention 18 holes of golf, update the tennis, and craft a boutique hotel. The golf course currently provides the largest percentage of revenue of all concessions.	
	Explore any other land sale/rezoning within the city to maximize revenue streams		
	Identify public land encroachments, determine if encroached area can be sold to adjacent property		
	Charge for parking in city owned parking lots		
	Increase fees on filming or events, photography, race, economic development		
	Is PVEe maximizing appropriate permitting and taxation of business entities within the city?		
	Real Estate transactions are a potential area to capture revenue from. Transfer tax/fee?		

Options Not Currently Feasible/Palatable

	Strategy	Note	Refer to
	Exit CALPERS	Right now that is not allowed, unless full payment of Termination Fee. Would cost around \$60 M to exit.	
	Declare bankruptcy (as a means to restructuring contracts and pensions)		
	Freeze the pension plan, annuitize the people that we already owe a benefit to and then we would establish a defined contribution or Hybrid plan. More competitive for young workers, and package would be the same.	Right now that is not allowed, unless full payment of Termination Fee. Would cost around \$60 M to exit. However, may be a future possibility. All depends on future Supreme Court decisions or future state-wide ballot measures.	
	Create safeguards to keep City Manager and/or City Council from increasing benefits and spending money the City does not have AND from when the City is in a better financial situation (e.g., don't pick up Staff payments when financial times are good, don't increase Staff pay to cover their pension payments)	No council can bind a future council (that is, it cannot pass a law or policy that cannot be changed or reversed by a future council)	
	Only hire people who are PEPRa eligible and not CalPERS classic members		

Determined to not be an Issue

	Strategy	Note	Refer to
	Create safeguards to protect against pension spiking	No pension spiking happening in this city currently, so not an issue	