

Grand jury wants EDC to better deal with CalPERS

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By Kathryn Reed

From the El Dorado County Grand Jury report that was released last week one might conclude only one entity in the county has an issue with CalPERS.

This would be because the grand jury only investigated El Dorado County. It didn't touch on the two cities in the county – South Lake Tahoe and Placerville – or utility, fire and other special districts that have obligations to the state retirement system. And if the grand jurors had wanted to take it a step further, they could have delved into CalSTRS, the teachers' retirement system.

Jurors did not explain why the county was the target of the investigation.

Here are the findings from the grand jury:

- The unfunded CalPERS liability for El Dorado County is \$346 million as of July 2016.
- El Dorado County pays annual CalPERS payments monthly, resulting in interest charges payable to CalPERS.
- El Dorado County pays only the minimum amount due to CalPERS; it does not make additional payments to reduce the UAL [Unfunded accrued liability.]
- El Dorado County has an established policy to set aside additional funding for post-employment benefits, but not specifically for CalPERS obligations.

Historically, El Dorado County has not provided information to the public about its CalPERS obligation in a way that clearly illuminates the scope of the pension obligation.

The grand jury recommended increasing contributions to CalPERS to pay down the debt, and creating a dedicated trust just for that purpose.

There were no suggestions as to where this added money would come from.

It is not true that the county has not provided information about the issue. CalPERS has been an agenda topic for supervisors, and is part of the annual budget discussions. Plus, the auditor annually provides information about CalPERS.

Lake Tahoe News has written about the county's CalPERS quagmire as well.

The county also isn't alone in having to contend with obligations that keep escalating. Unfunded liability is an issue for every public agency that is part of the system.

"I have read the report. I have not studied the report. I am in general agreement with the report. I have been bringing this issue to the supervisors and the public for years. (CEO) Don Ashton has discussed this matter with the supervisors for the past two years," county Auditor Joe Harn told *Lake Tahoe News*. "I am glad that the grand jury is bringing this matter to the supervisors' and the public's attention again now. It is important to note that this problem is a statewide problem, not just an El Dorado problem."

Supervisor Sue Novasel told LTN, "I agree with their assessment concerning the CalPERS obligation. Our CAO has been very proactive in identifying and addressing this issue. He specifically spoke at length about these issues during our town hall budget talks that we held throughout the county. We

have already placed millions of dollars into a special reserve fund for the underfunded retirement system and we plan to identify more as our budget for 2017-18 is developed this month.”

It will be the supervisors who must come up with a response to the grand jury per state law. The topic will be on a future agenda.

“Overall, the grand jury report appears to be balanced and fair, highlighting the current board is taking significant steps to set aside funding for future year CalPERS payments and funding for a pensionable trust. However, as the report highlights CalPERS costs will continue to be a significant challenge that will influence other policy decisions in the future and it is critical for county leadership to continue to explore a variety of options in how to handle these cost increases,” CAO Don Ashton told *Lake Tahoe News*.