

Community Vision Implementation



6/27/2017

Finance Department



City of Garden Grove

Proposed

FY 2017-18 & FY 2018-19

Capital and Operating Budgets



Garden Grove Financial Profile

GARDEN GROVE

- **Full Service City**
 - Police, Fire, Utilities (Water, Sewer, Solid Waste), Community Services, Community Development, Housing, Support Services, Successor Agency
 - 640 Full time Employees, 231 Part Time Employees (FY 2016-17)
 - One Police Station, Seven Fire Stations

- **Demographics (2015)**
 - Population 177,303
 - Unemployment Rate - 4.3% (4.2% same time last year)

- **Location**
 - Central Orange County

- **Top Employers**
 - (Hotels/Lodging, Healthcare, Industrial, Big Box stores, etc.)

- **Credit Rating**
 - A with Positive Outlook (Standards & Poors)



Garden Grove Financial Profile

- Budget

- Citywide Capital Budget -

- FY 2018-19 Proposed Capital Budget - \$16.9 Million
 - FY 2017-18 Proposed Capital Budget - \$19.4 Million

- Citywide Operational Budget -

- FY 2018-19 Proposed Budget - \$230.3 Million
 - FY 2017-18 Proposed Budget - \$224.9 Million



Proposed Budget Other Funds

Capital Budget



GARDEN GROVE

Garden Grove Proposed Capital Budget

- **FY 17/18 Proposed Capital Budget - \$19.4 Million**
 - **Funding Sources**
 - » General Fund, Gas Tax, Measure M2, CDBG, Park Fees, and Highway Safety Improvement Grant, Water, Sewer, Etc.
 - **Proposed Capital Budget Projects:**
 - **\$7.0 Million for Street/Traffic Improvements**
 - Magnolia Street Reconstruction (Trask – Garden Grove Blvd)
 - Westminster Rehabilitation (Bowen - Euclid)
 - Twintree/Buaro Rehabilitation
 - Traffic Signal Improvements
 - Residential Overlay & Concrete Replacement
 - **\$0.8 Million for Park Improvements**
 - Replacement of Senior Center Fitness Equipment
 - Replacement of Gymnasium Floor at Garden Grove Park
 - Replacement of Eastgate Park Restrooms
 - New Park Gazebos at CMC, Atlantis, and Faylane Parks
 - Shade Structure for the Buena Clinton Center
 - Light Pole Replacements



GARDEN GROVE

Garden Grove Proposed Capital Budget

- **FY 17/18 Proposed Capital Budget Projects:**
 - **Sewer - \$6.4 Million (Capital and Replacement)**
 - Completion of Sewer Main Improvements along Ward Street, Newland Street, Josephine Street and Trask Avenue.
 - Manhole Inspection and Replacement

 - **Water - \$5.2 Million(Capital and Replacement)**
 - Design and Construction of West Haven and/or Magnolia Reservoir Rehabilitation Projects
 - Engineering Assessment of Wells 16, 19, and 25
 - Replacement of Approx. 5,000 linear feet of Main, and 100 Gate Valves
 - Meter Replacements @ City Facilities



GARDEN GROVE

Garden Grove Proposed Capital Budget

- FY 18/19 Proposed Capital Budget - \$16.9 Million
- Funding Sources
 - General Fund, Gas Tax, Measure M2, CDBG, Park Fees, and Highway Safety Improvement Grant, Water, Sewer, Etc.
- FY 18/19 Proposed Capital Budget Projects:
 - \$5.1 Million for Street/Traffic Improvements
 - Chapman Rehabilitation (Brookhurst – Nelson)
 - Brookhurst Rehabilitation (Lampson – Chapman)
 - Larson Ave Rehabilitation
 - Residential Overlay & Concrete Replacement
 - Garden Grove Blvd Traffic Signal Synchronization Project



Garden Grove Proposed Capital Budget

- **FY 18/19 Proposed Capital Budget Projects:**
 - **Sewer - \$6.5 Million (Capital and Replacement)**
 - Completion of Sewer Main Improvements Newhope and Banner
 - Construction of Capacity Improvement Projects (Ward Street)
 - Manhole Inspection and Replacement

 - **Water - \$5.3 Million(Capital and Replacement)**
 - Design and Construction of West Haven
 - Continue Gate Valves and Water Main Replacements
 - Meter Replacements @ City Facilities

Operating Budget

Basic Services Funds

General Purpose Fund

Operational Gas Tax

Self Supporting Recreation Fund



Garden Grove Synopsis

- Challenges/Issues
 - Service Level Expectations Versus Affordability
 - Financial Outlook
 - Growing /Deepening Structural Budget deficit
 - PERS Unfunded Liability Issues
 - Expenditure Growth/Cost Containment Issues
- Solutions/Strategies (Bridge Gap/Structural Deficit)
 - Budget Cuts/Optimization/Cost Containment
 - Revenue Enhancement –
 - Explore New Revenue Opportunities
 - Economic Development
 - Deplete Internal Service Funds – One time Sources



Garden Grove Financial Profile

GARDEN GROVE

- Sources of Funds
 - **Taxes**
 - Principal General Fund Revenue Sources (> 80%)
 - Hotel Tax (resort hotels)
 - » TOT Rate - 17% (City - 14.5%, TID - 2.5%)
 - Sales Tax -
 - » Top Producers (Auto Dealers, Gas Stations, Bulk Stores, Fast Food)
 - » City Tax rate = 7.75% (City Share of Sales Tax = 1%)
 - Property Tax
 - » Property Tax - (1% plus up to 2% annual Adjustment)
 - Motor Vehicle Tax
 - » Vehicle License Fees
 - **Fees**
 - Impact Fees
 - Franchise Fees
 - User Service Fees
 - **Grants and Subventions**



GARDEN GROVE

Basic City Revenue Funds Estimates

FY 2016-17 Through FY 2021-22

Assumes No Change In Revenue Authority - Adjusted May 3 2017

BASIC CITY REVENUE FUNDS	2016-17 (Adopted)) (000)	2016-17 (Revised) (000)	2017-18 Proposed (000)	2018-19 Proposed (000)	2019-20 (Estimate) (000)	2020-21 (Estimate) (000)	2021-22 (Estimate) (000)
General Purpose Fund							
Sales Tax	\$ 22,000	\$ 21,654	\$ 21,971	\$ 22,419	\$ 22,979	\$ 23,554	\$ 24,143
Property Tax							
- General	14,500	15,000	15,314	15,867	16,184	16,508	16,838
- Paramedic	8,800	9,000	9,000	9,204	9,388	9,576	9,767
Property Transfer Tax	480	500	480	500	500	500	500
Motor Vehicle Tax	15,100	16,000	16,600	17,015	17,440	17,876	18,323
Franchises	2,400	2,400	2,500	2,500	2,500	2,500	2,500
Bldg. Permits & Other Fees	2,200	2,200	2,200	2,200	2,200	2,200	2,200
Deferred Municipal Support	3,728	3,728	3,383	3,383	3,383	3,383	3,383
Transient Occupancy Tax	23,500	24,000	24,960	25,958	26,997	28,077	29,200
Business Tax	2,400	2,500	2,500	2,500	2,500	2,500	2,500
Other Income	2,815	3,000	3,000	3,000	3,000	3,000	3,000
Traffic Fines	800	800	800	800	800	800	800
Parking Fines	1,010	1,010	1,010	1,000	1,000	1,000	1,000
Reimbursement Agreement	0	0	0	0	0	0	0
Interest	200	250	300	300	300	500	500
Grant OH Support	50	50	42	42	42	42	42
Street Repair/Loan Payback	2,050	2,050	2,050	2,050	2,050	2,050	2,050
Sports Facility Income	100	100	100	100	100	100	100
Animal Control Fees	200	200	200	210	221	232	243
GGTID Admin	0	0	0	0	0	0	0
Land Sales	0	0	0	0	0	0	0
Total General Purpose	\$ 102,333	\$ 104,442	\$ 106,410	\$ 109,048	\$ 111,585	\$ 114,397	\$ 117,089
Gas Tax	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Self-Supporting Recreation	675	675	675	675	675	675	675
Total Basic Revenue	\$ 105,008	\$ 107,117	\$ 109,085	\$ 111,723	\$ 114,260	\$ 117,072	\$ 119,764

BASIC SERVICES FUNDS
FY 2017-18 & FY 2018-19
BIENNIAL BUDGET



FY17-18 & FY 18-19 Basic Proposed Biennial Budget

- Proposed Budget Includes:
 - Base Load Budget Includes:
 - Contractual COLA/Inflation Adjustments
 - PERS Contribution Adjustments
 - Negotiated Salary Adjustments

 - Austere Budget
 - Budget Cuts
 - Supplemental Requests
 - Mandates
 - Critical Service Augmentation Changes
 - Enterprise Resource Program

 - Structural Deficit Persists
 - FY 2017-18 Balanced with One-time Sources

 - FY 2018-19 Budget Cuts Or Revenue Enhancement Necessary



Basic Services Budget

Budget Cost Drivers:

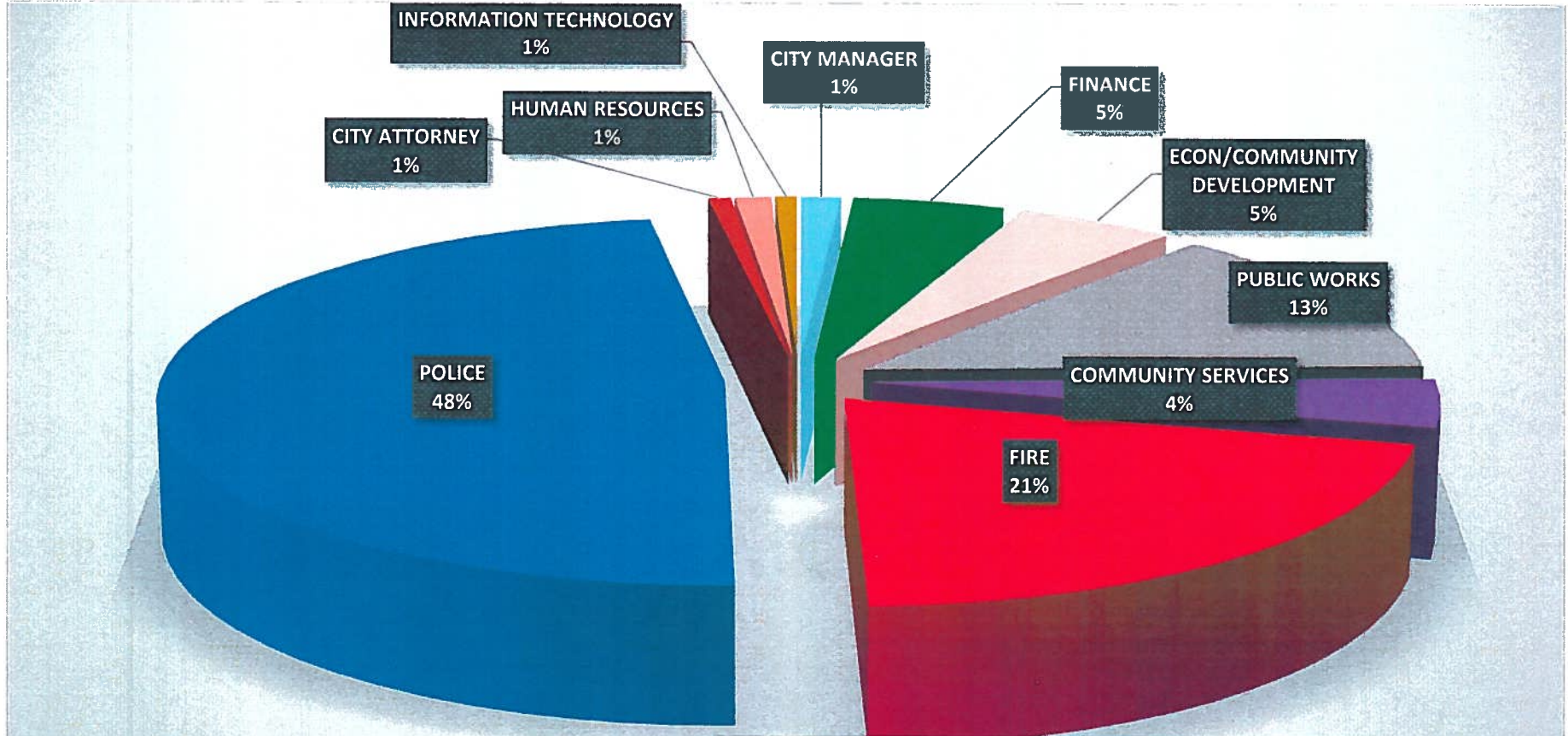
- Labor Cost (75% of Total Budget)
 - Salary and Benefits
 - Unfunded Liability
- Contractual Services – 10% of Total Budget
 - Services Augmentation Requirements.
- Internal Service Funds/Debt Payments – 11% of Total Budget
 - Self Insurance Funds
 - Vehicle and Equipment Replacement Fund

Basic Services Funds

FY 2017 – 18

Proposed Budget

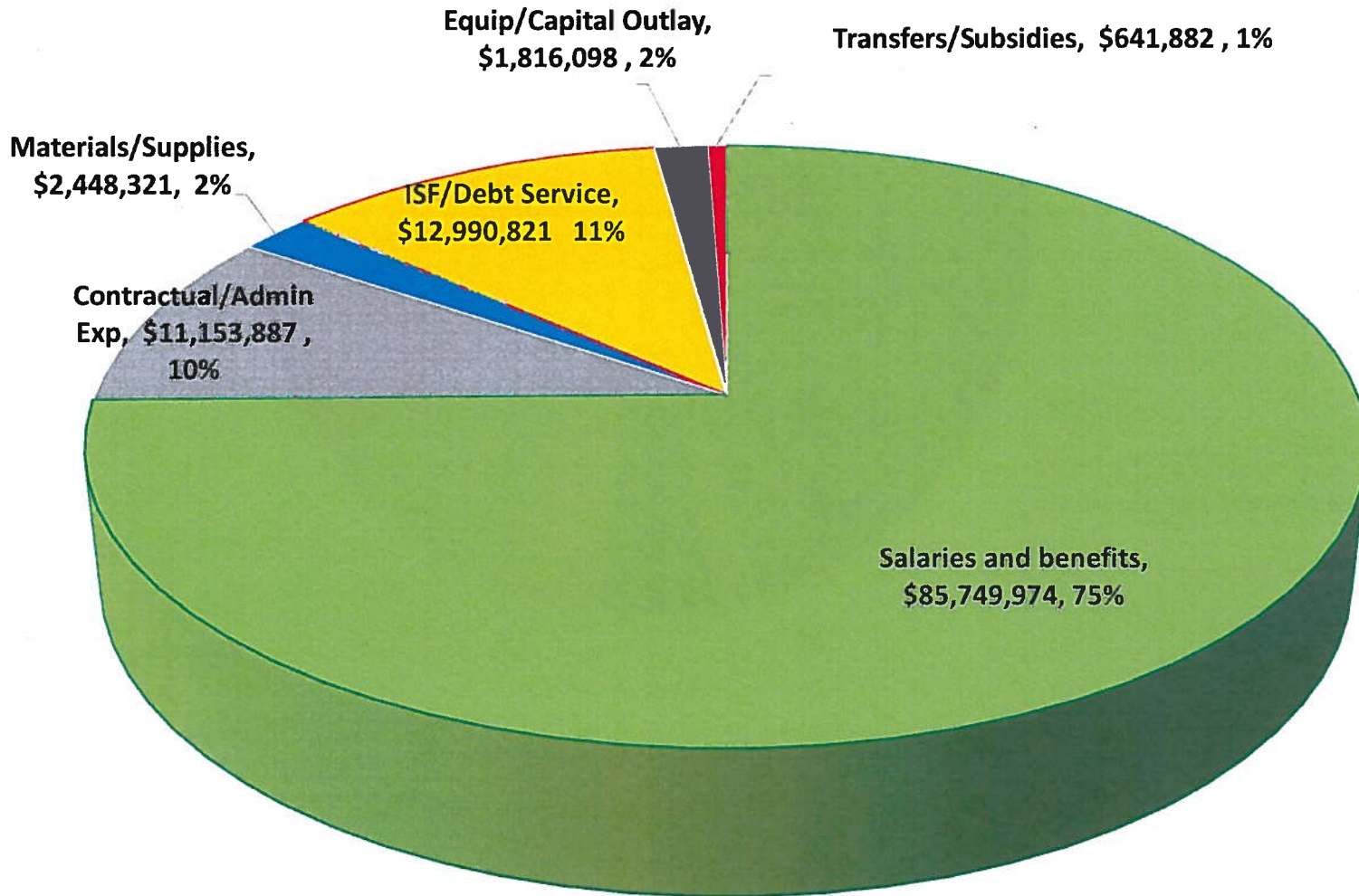
Basic Services Budget By Department



FY17-18	Proposed Budget (In Thousands)	
CITY MANAGER	\$ 1,457	1%
FINANCE	\$ 5,525	5%
ECON/COMM DEV.	\$ 5,765	5%
PUBLIC WORKS	\$ 15,314	13%
COMMUNITY SERVICES	\$ 4,825	4%
FIRE	\$ 23,744	21%
POLICE	\$ 54,597	48%
CITY ATTORNEY	\$ 818	1%
HUMAN RESOURCES	\$ 1,329	1%
INFORMATION TECH.	\$ 785	1%
Total Basic Services	\$ 114,159	100%



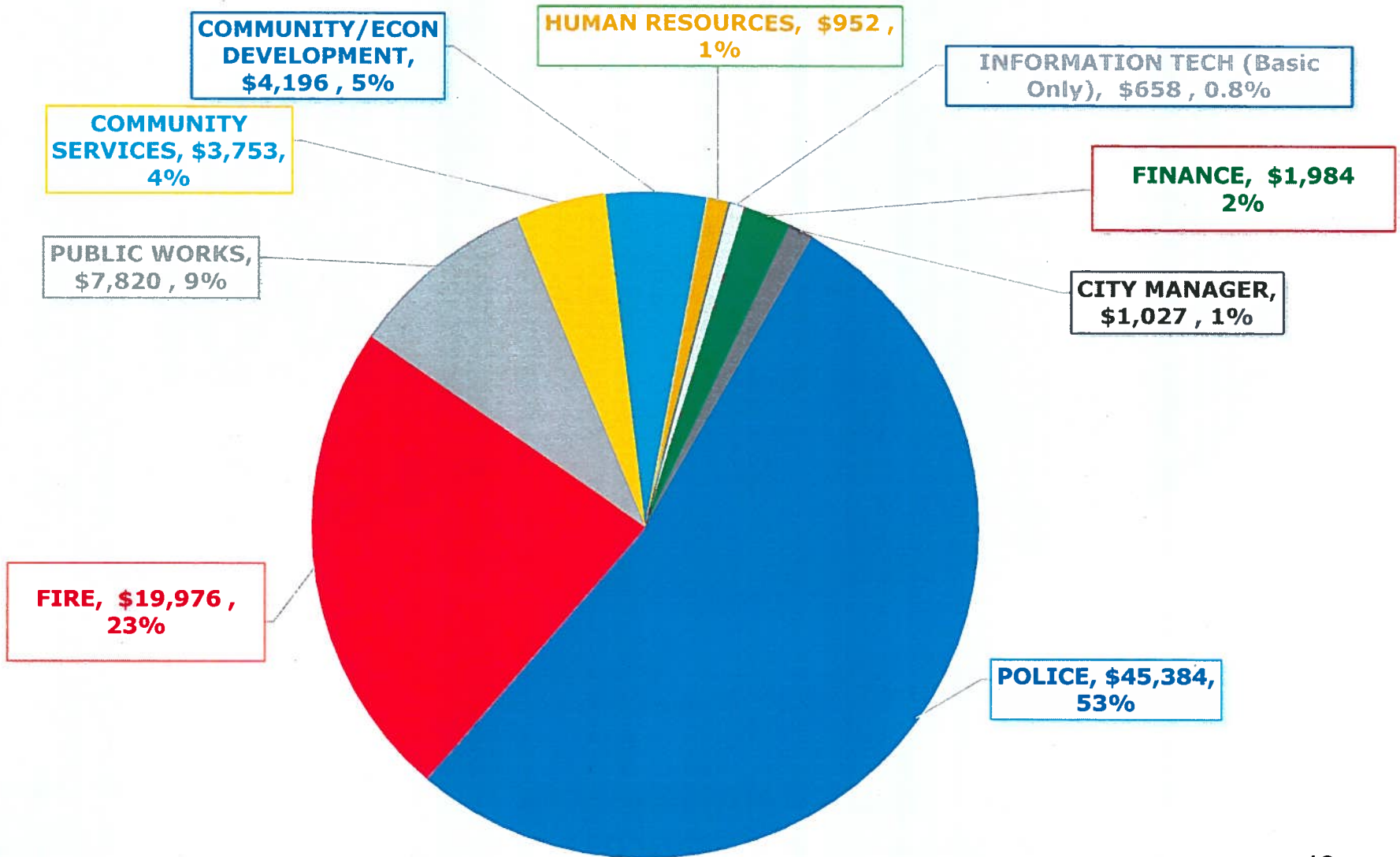
FY 2017-18 Basic Services Budget By Expenditure Object





Basic Services Budget Salary and Benefits By Department

In Thousands





FY17-18 Proposed Basic Budget

FISCAL YEAR 2017-18

MANDATES

General Fund

ITEM	COST
Annual Financial Audit Fees	\$ 39,340
OC Sheriff- Coroner Cost Increase	58,657
Police Auto Fingerprint ID System Annual Fee	21,425
Police Auto Fingerprint ID System Costs	41,777
Fire Turnout Sets	127,689
Increase in Metro Net Fire Dispatch Services	39,549
Increase North Net Fire Training	37,815
Total	\$ 366,252



GARDEN GROVE

FY17-18 Proposed Basic Budget

FISCAL YEAR 2017-18

Changes

Public Works

Increases to Tree Trimming/Planting Services Contract	\$ 100,000	
Increases to Parks Janitorial Contract Services	50,000	
Animal Care (TNR) Program	5,000	
Animal Care (Vaccination/Neuter) Program	2,500	
ADA Evaluation Contract Services	105,000	262,500

Information Technology

Add Network Administrator	89,201	
ERP Replacement	1,500,000	1,589,201

Community Services

Temp Position Adjustments	(4)	
City Hall Lobby Security/Remodel	15,000	14,996

Finance

GFOA Accounting Academy	4,810	
CSMFO Annual Conference	1,580	6,390

Fire Department

Fire Engineers Salary Adjustment	78,667	78,667
----------------------------------	--------	---------------

Police Department

Tactical Vests	26,466	
Tuition and Training	10,000	36,466

Community Development

Re-Imagine Garden Grove Campaign	75,000	
Small Business Assistance Loan	50,000	125,000

Total

\$ 2,113,220	\$ 2,113,220
---------------------	---------------------



FISCAL YEAR 2017-18
PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017

	Proposed Budget	
	In Thousands	
Projected Fund Balance FY 2016-17		\$ -
General Purpose Revenue	\$ 106,410	
Gas Tax	2,000	
Self-Supporting Recreation	675	
Basic Services Revenues		109,085
Transfers (Risk Management)		100
Total Resources		109,185
Base Expenditure Budget		(110,820)
Balance/(Structural Deficit)		\$ (1,635)



**FISCAL YEAR 2017-18
PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017**

In Thousands

Proposed Budget

In Thousands

Balance/(Structural Deficit)		\$ (1,635)
FY 17-18 Budget Requests		
Add Operating Factors		
Equipment/Automation	(63)	
GG Cable Support	(392)	(455)
Add Supplemental Opr.		
Street Lighting Subsidy	(408)	
CDBG Subsidy	(39)	
Park Maintenance	(231)	
Concrete Replacement	(234)	
Economic Development	(250)	
Mandates	(366)	
Other Budget Requests/Changes	(2,113)	(3,642)
Updated Balance/(Deficit)		(5,732)



FISCAL YEAR 2017-18
PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017

Proposed Budget

In Thousands

Updated Balance/(Deficit)

(5,732)

BALANCING MEASURES

Exp. Reduction (Public Safety 3% PERS Offset)

380

Paramedic Tax Override Increase

801

Loan From Liability Insurance Fund

1,800

Loan From Workers Comp Fund

1,300

Draw From IT Fund Savings for ERP Replacement

1,500

Projected Year End BALANCE(DEFICIT)

\$ 49

**PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017**

In Thousands

	Proposed Budget	
	<u>In Thousands</u>	
Projected Fund Balance FY 2016-17		\$ -
Total Resources		109,185
Base Expenditure Budget		(110,820)
Balance/(Structural Deficit)		\$ (1,635)
FY 17-18 Budget Requests		
Add Operating Factors		
Equipment/Automation	(63)	
GG Cable Support	(392)	(455)
Add Supplemental Opr.		
Street Lighting Subsidy	(408)	
CDBG Subsidy	(39)	
Park Maintenance	(231)	
Concrete Replacement	(234)	
Economic Development	(250)	
Mandates	(366)	
Other Budget Requests/Changes	(2,113)	(3,642)
Updated Balance/(Deficit)		(5,732)
<u>BALANCING MEASURES</u>		
Paramedic Tax Override Increase		801
Exp. Reduction (Public Safety 3% PERS Offset)		380
Loan From Liability Insurance Fund		1,800
Loan From Workers Comp Fund		1,300
Draw From IT Fund Savings for ERP Replacement		1,500
Projected Year End BALANCE(DEFICIT)		\$ 49

\$2,479
New Requests

One time
Sources
\$4,980

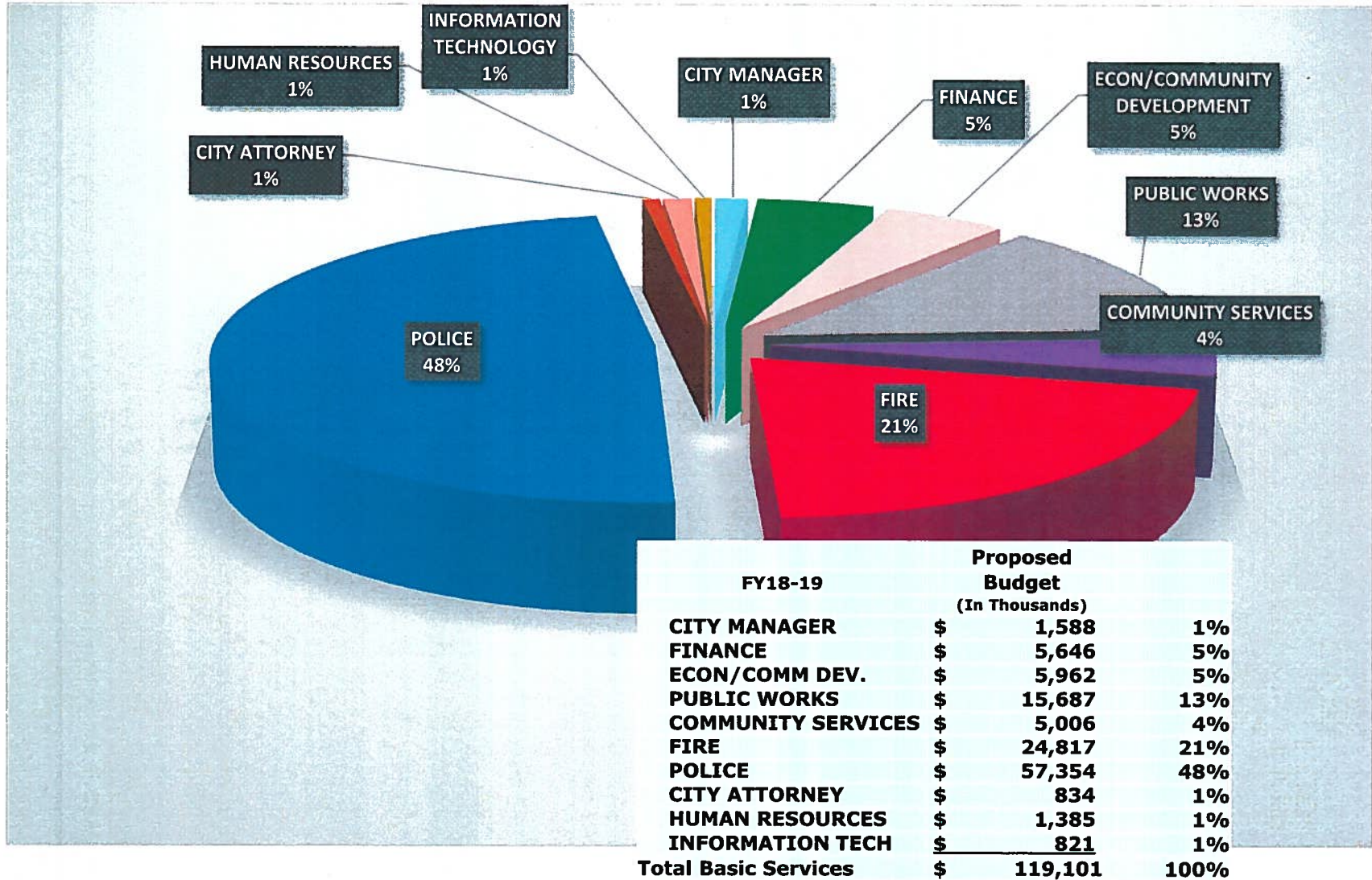
Basic Services Funds

FY 2018-19

Proposed Budget

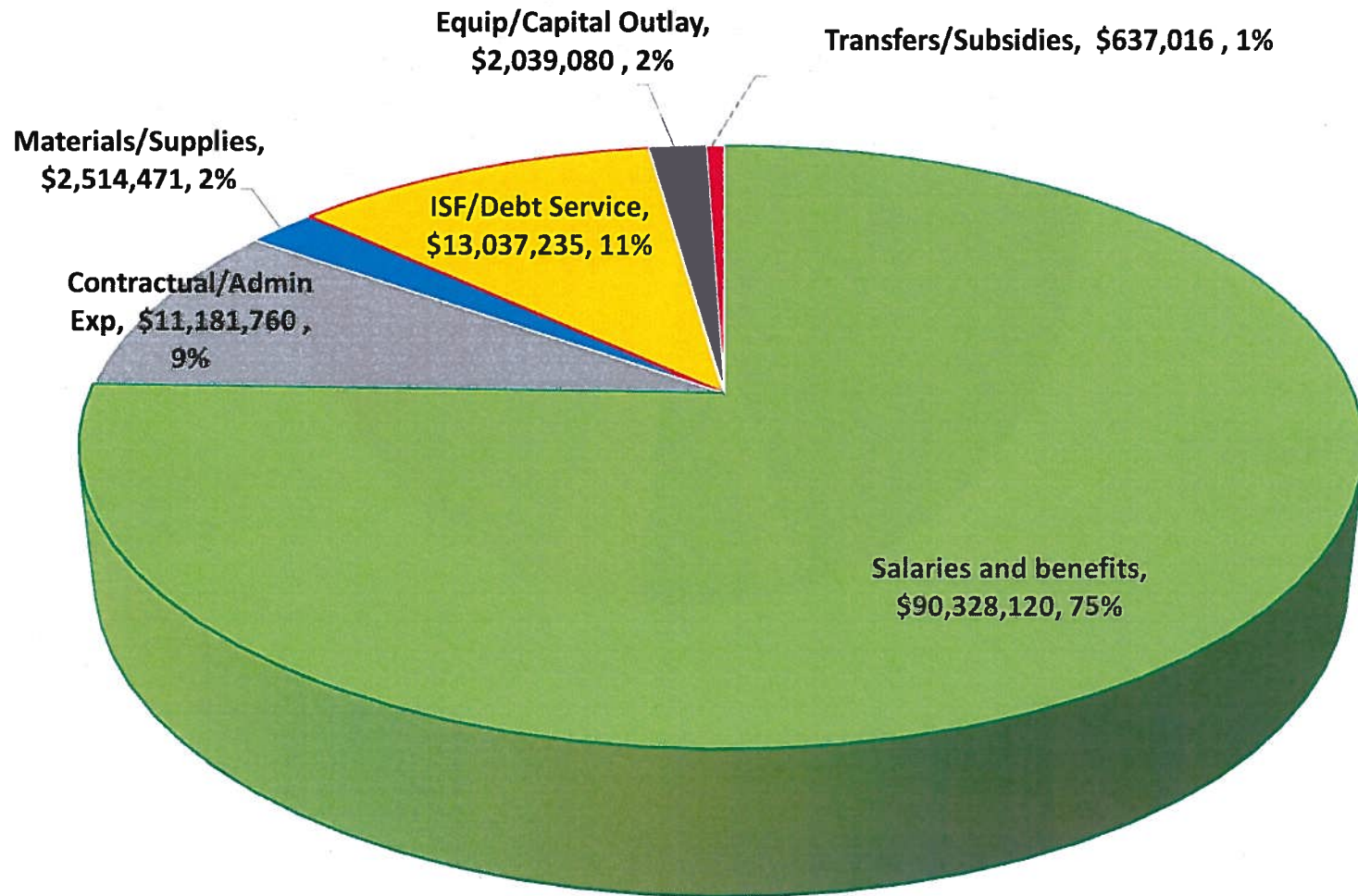


Basic Services Budget By Department





FY 2018-19 Basic Services Budget By Expenditure Object

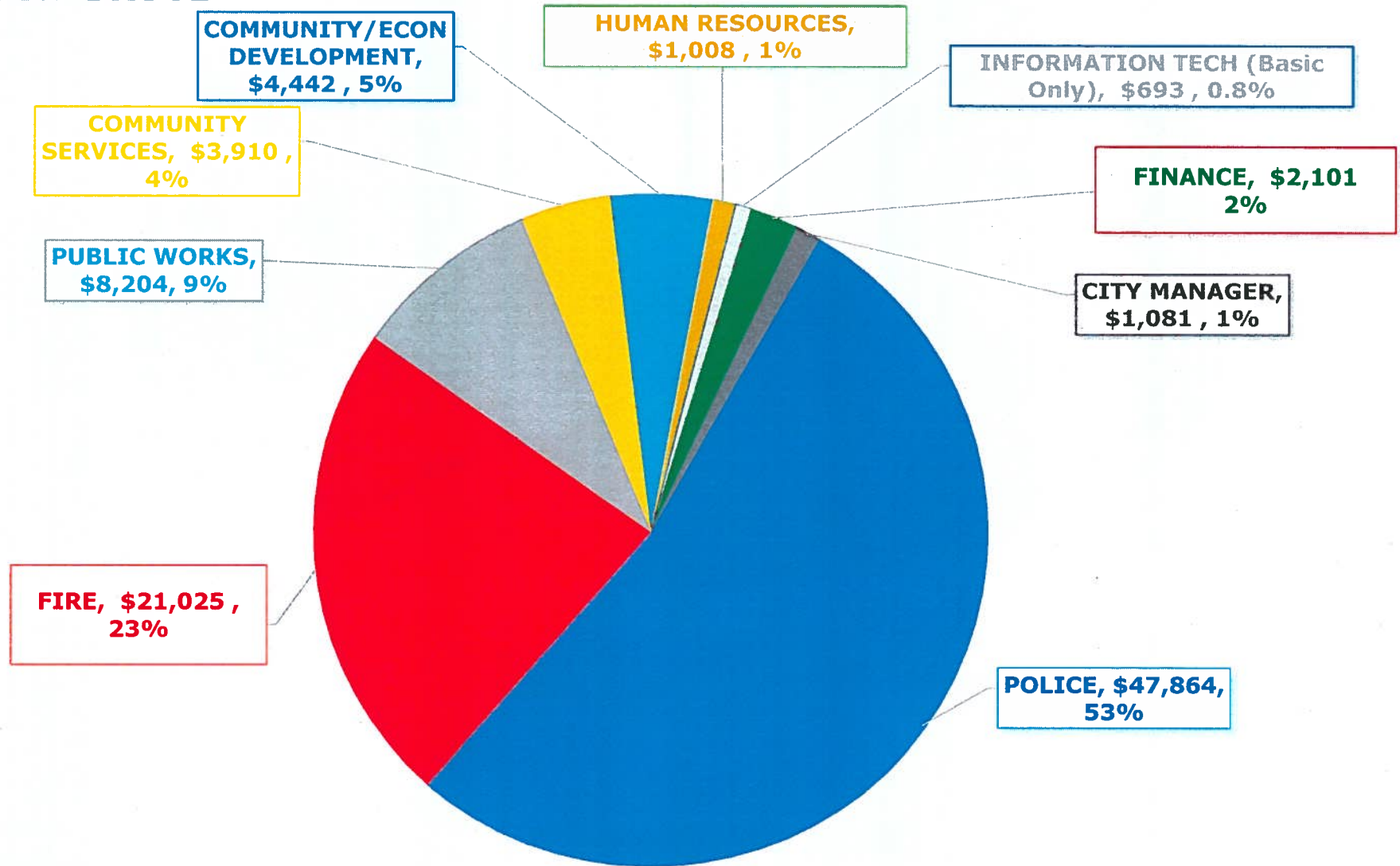




GARDEN GROVE

FY 2018-19 Basic Services Budget Salary and Benefits By Department

In Thousands





FY18-19 Proposed Basic Budget

FISCAL YEAR 2018-19	
MANDATES	
General Fund	
ITEM	COST
2018 Elections	80,948
Increase in Metro Net Fire Dispatch Services	40,000
Increase North Net Fire Training	40,000
Total	\$ 160,948



FY18-19 Proposed Basic Budget

	FISCAL YEAR 2018-19	
	<u>Changes</u>	
Public Works		
Increase to Tree Trimming/Planting Services Contract	\$ 50,000	
Increase to Parks Janitorial Contract Services	50,000	<u>100,000</u>
Information Technology		
ERP Replacement	1,500,000	<u>1,500,000</u>
Community Services		
City Hall Lobby Security/Remodel	30,950	<u>30,950</u>
Finance		
GFOA Annual Conference	1,643	<u>1,643</u>
Police Department		
Tactical Vests	22,500	
60 Tablets	42,000	<u>64,500</u>
Community/Economic Development		
Re-Imagine Garden Grove Campaign	75,000	<u>75,000</u>
Total	<u>\$ 1,772,093</u>	<u>\$ 1,772,093</u>



FISCAL YEAR 2018-19
PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017

		Proposed Budget	
		In Thousands	
Projected Fund Balance FY 2017-18			\$ -
General Purpose Revenue		\$ 109,048	
Gas Tax		2,000	
Self-Supporting Recreation		675	
Basic Services Revenues			111,723
Transfers (Risk Management)			100
Total Resources			111,823
Base Expenditure Budget			(116,040)
Balance/(Structural Deficit)			\$ (4,217)



FISCAL YEAR 2018-19
PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017

	Proposed Budget	
	In Thousands	
Balance/(Structural Deficit)		\$ (4,217)
FY 18-19 Budget Requests		
Add Operating Factors		
Equipment/Automation	(320)	
GG Cable Support	(387)	(707)
Add Supplemental Opr.		
Street Lighting Subsidy	(408)	
CDBG Subsidy	(30)	
Park Maintenance	(246)	
Concrete Replacement	(234)	
Economic Development	(250)	
Mandates	(161)	
Other Budget Requests/Changes	(1,772)	(3,101)
Updated Balance/(Deficit)		(8,025)



**FISCAL YEAR 2018-19
 PROPOSED BASIC BUDGET
 (Funds 111, 060, 118)
 June 27, 2017**

Proposed Budget

In Thousands

Updated Balance/(Deficit)

(8,025)

BALANCING MEASURES

Early Retirement Plan

500

5% Budget Cut (Excluding Sworn Personnel)

2,800

Paramedic Override Tax Adjustment

1,111

Additional Budget Cuts

??

Deplete Internal Service Funds

??

Revenue Enhancement ?????

??

Projected Year End BALANCE(DEFICIT)

\$ (3,614)



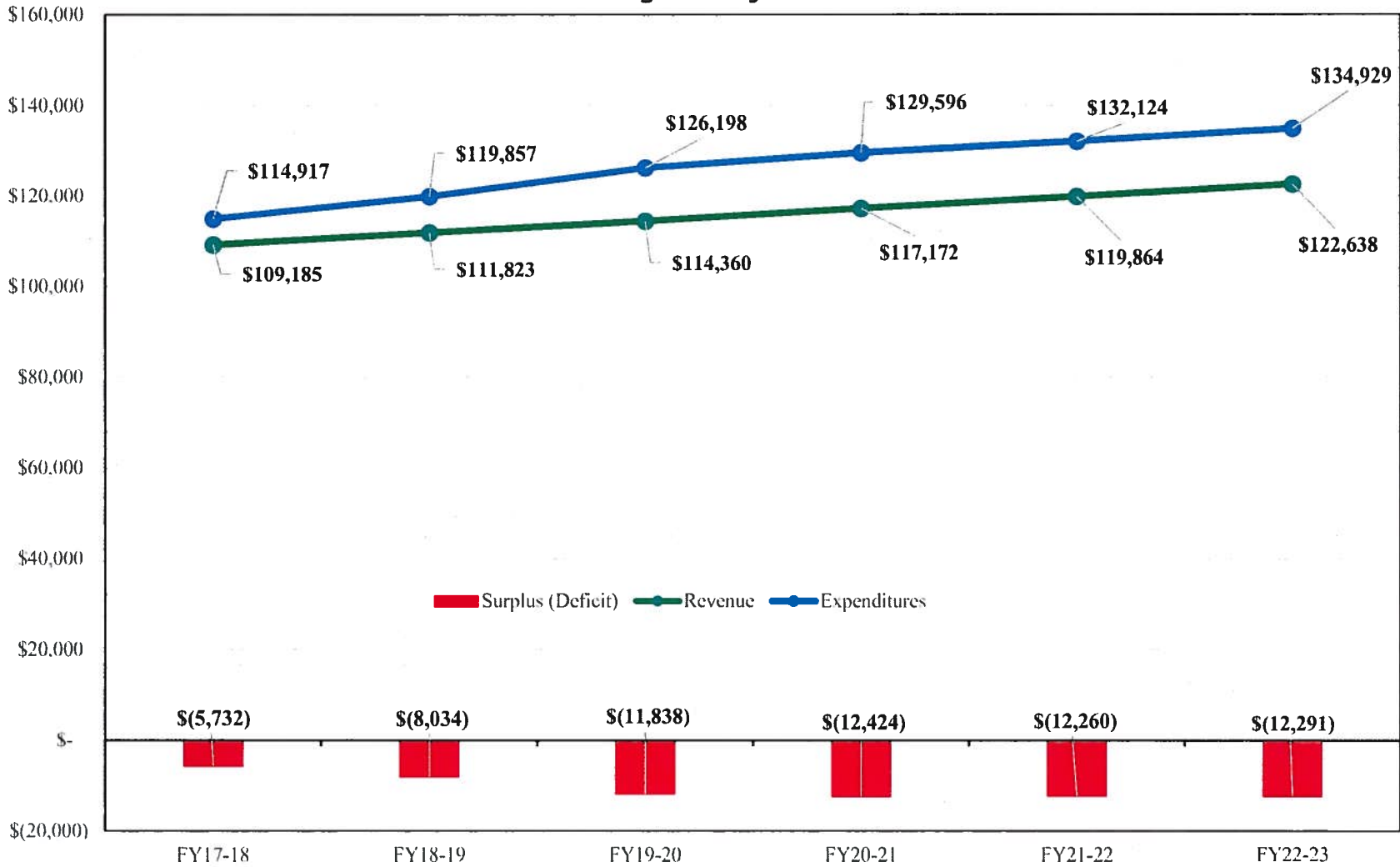
**FISCAL YEAR 2018-19
PROPOSED BASIC BUDGET
(Funds 111, 060, 118)
June 27, 2017**

		Proposed Budget	
		In Thousands	
Projected Fund Balance FY 2017-18			\$ -
Total Resources			111,823
Base Expenditure Budget			(116,040)
Balance/(Structural Deficit)			\$ (4,217)
FY 18-19 Budget Requests			
Add Operating Factors			
Equipment/Automation	(320)		
GG Cable Support	(387)		(707)
Add Supplemental Opr.			
Street Lighting Subsidy	(408)		
CDBG Subsidy	(30)		
Park Maintenance	(246)		
Concrete Replacement	(234)		
Economic Development	(250)		
Mandates	(161)		
Other Budget Requests/Changes	(1,772)		(3,101)
Updated Balance/(Deficit)			(8,025)
<u>BALANCING MEASURES</u>			
Early Retirement Plan			500
5% Budget Cut (Excluding Sworn Personnel)			2,800
Paramedic Override Tax Adjustment			1,111
Revenue Enhancement ?????	??		
Additional Budget Cuts	??		
Deplete Internal Service Funds	??		
Projected Year End BALANCE(DEFICIT)			\$ (3,614)



Revenue Vs Expenditure Outlook

Basic Services Fund
5 YEAR Budget Projections





Basic Services Budget

Budget Cost Drivers:

- Labor Cost (75% of Total Budget)
 - Salary and Benefits
 - Unfunded Liability
- Contractual Services – 10% of Total Budget
 - Services Augmentation Requirements.
- Internal Service Funds/Debt Payments – 10% of Total Budget
 - Self Insurance Funds
 - Vehicle and Equipment Replacement Fund



Basic Services Budget

Balancing Alternatives:

- Additional Budget Cuts
 - Major Cost Drivers
 - Labor Costs
 - Unfunded liability
 - 10% or More = Service Reductions
- Deplete Internal Service Funds
 - One time Sources
- Revenue Enhancements
 - Other New Revenue Sources



Summary Remarks

- Austere Budgets - FY17-18 & FY18-19
 - Contemplates Budget Cuts
 - Includes Impact of Negotiated Salary Adjustments
 - Sustain/Enhances Service Capacity (Public Safety)
 - Use of One-time Funds to Balance

- Outlook for the City's Revenues:
 - Revenue Enhancement Critical
 - Continue to Explore Revenue Growth Opportunities
 - Harbor Blvd Redevelopment Expectations – Positive
 - Major Revenue Generating Projects in the Works

- Other Issues – Looking Ahead
 - PERS Issues and Future Impact
 - Eliminate Structural Deficit
 - Contain Operating Costs



END

QUESTIONS

Community Vision Implementation



6/27/2017

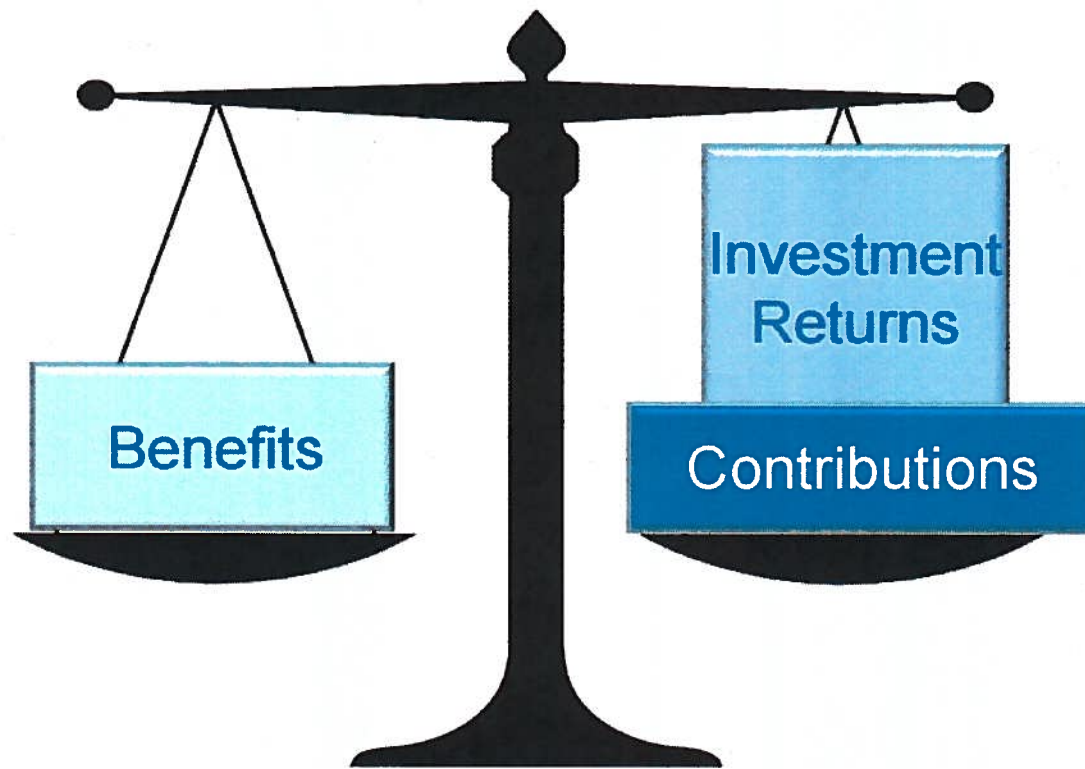
Finance Department



PERS

Public Safety Plan
&
Miscellaneous Plan

Balancing the Fund





CalPERS

California Public Employees' Retirement System
 P.O. Box 941715
 Sacramento, CA 94229-2715
 (888) CalPERS (or 888-225-7377)
 TTY (877) 319-7442
 www.calpers.ca.gov

RECEIVED
 JUNE 23 2017
 Actuarial
 Circular Letter

FINANCE
CITY OF GARDEN GROVE
 Circular Letter: 200-004-17
 Revision: 11

To: All Public Agency Employers

Subject: Discount Rate Change

The purpose of this Circular Letter is to inform you of recent changes to the CalPERS discount rate assumption and the impact these changes are expected to have on required employer and PEPRAs member contributions. This Circular Letter will assist you in calculating projected pension cost increases in future years. The June 30, 2016, annual valuations will provide updated projections of expected future year pension contributions. These reports will be available this summer.

At the December 21, 2016, meeting, the CalPERS Board of Administration approved lowering the CalPERS discount rate assumption, the long-term rate of return, from 7.50 percent to 7.00 percent over the next three years. This will increase public agency employer contribution costs beginning in Fiscal Year 2018-19.

The phase-in of the discount rate change approved by the Board for the next three Fiscal Years is as follows:

Valuation Date	Fiscal Year for Required Contribution	Discount Rate
June 30, 2016	2018-19	7.375%
June 30, 2017	2019-20	7.25%
June 30, 2018	2020-21	7.00%

Lowering the discount rate means plans will see increases in both the normal costs (the cost of pension benefits accruing in one year for active members) and the accrued liabilities. These increases will result in higher required employer contributions.

In addition, active members hired after January 1, 2013, under the Public Employees' Pension Reform Act (PEPRA) may also see their contribution rates rise.

Circular Letter: 200-004-17
 January 19, 2017

The benefits of reducing the discount rate include:

- Strengthening long-term sustainability of the fund
- Reducing negative cash flows; additional contributions will help to offset the cost to pay pensions
- Reducing the long-term probability of funded ratios falling below undesirable levels
- Improving the likelihood of CalPERS investments earning our assumed rate of return
- Reducing the risk of contribution increases in the future from volatile investment markets

Results

Employer contribution increases as a result of the discount rate changes are estimated below by Normal Cost and required Unfunded Accrued Liability (UAL) payment. The Total Employer Contribution is the sum of the Normal Cost Rate applied to reported payroll plus the Unfunded Accrued Liability payment. The Normal Cost portion of the Employer Contribution is expected to increase by the listed percentages of payroll. Increases to the UAL payments are provided as relative increases to be applied to the projected UAL payments in the June 30, 2015, valuation report.

Valuation Date	Fiscal Year Impact	Normal Cost		UAL Payments	
		Misc. Plans	Safety Plans	Misc. Plans	Safety Plans
6/30/2016	2018-19	0.25% - 0.75%	0.5% - 1.25%	2% - 3%	2% - 3%
6/30/2017	2019-20	0.5% - 1.5%	1.0% - 2.5%	4% - 6%	4% - 6%
6/30/2018	2020-21	1.0% - 3.0%	2.0% - 5.0%	10% - 15%	10% - 15%
6/30/2019	2021-22	1.0% - 3.0%	2.0% - 5.0%	15% - 20%	15% - 20%
6/30/2020	2022-23	1.0% - 3.0%	2.0% - 5.0%	20% - 25%	20% - 25%
6/30/2021	2023-24	1.0% - 3.0%	2.0% - 5.0%	25% - 30%	25% - 30%
6/30/2022	2024-25	1.0% - 3.0%	2.0% - 5.0%	30% - 40%	30% - 40%

The changes to the Unfunded Accrued Liability (UAL) due to changes of actuarial assumptions are amortized over a fixed 20-year period with a 5-year ramp up at the beginning and a 5-year ramp down at the end of the amortization period. The 5-year ramp up means that the payments in the first four years of the amortization schedule are 20 percent, 40 percent, 60 percent and 80 percent of the ultimate payment, which begins in year five. The 5-year ramp down means that the reverse is true and the payments in the final four years are ramped down by the above percentages. A new ramp is established with each change to the discount rate. There will be three ramps established in the first three years. As a result of the 5-year ramp up and effective date of the increase, it will be seven years until the full impact of the discount rate change is completely phased in. The shaded rows above are the expected increases beyond the five year projection quoted in your June 30, 2015, valuation report.

Circular Letter: 200-004-17
 January 19, 2017

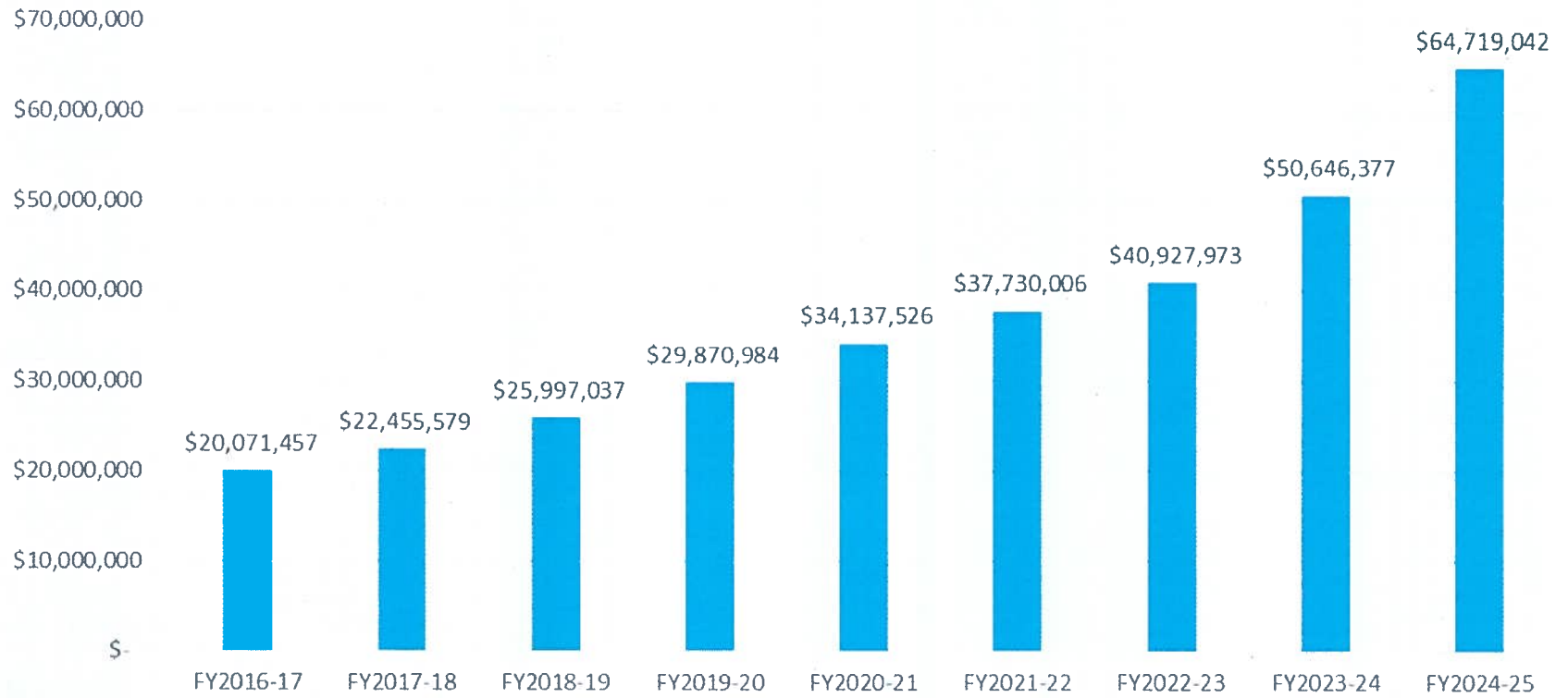
To illustrate how this table can be used as a guide to include the change in the discount rate in the calculation of pension contributions, a Miscellaneous plan with a current normal cost of 15 percent of payroll can expect an increase to 15.25 percent to 15.75 percent of payroll in the first year (Fiscal Year 2018-19), and 16 percent to 18 percent in the fifth year (Fiscal Year 2022-23). For the UAL payment, a plan with a projected payment of \$500,000 in Fiscal Year 2018-19 and \$600,000 in Fiscal Year 2022-23 can expect the revised payment to be \$510,000 - \$515,000 (\$500,000x2.00%/500,000x3.00%) for Fiscal Year 2018-19, and \$720,000 - \$750,000 (\$600,000x20%/600,000x25%) for Fiscal Year 2022-23. These estimated increases incorporate both the impact of the discount rate change and the ramp up.

Please keep in mind the above table is a tool for you to calculate broad estimates and should only be used as a general guide. The annual valuation report that will be released this summer will provide updated projections for your specific plan.

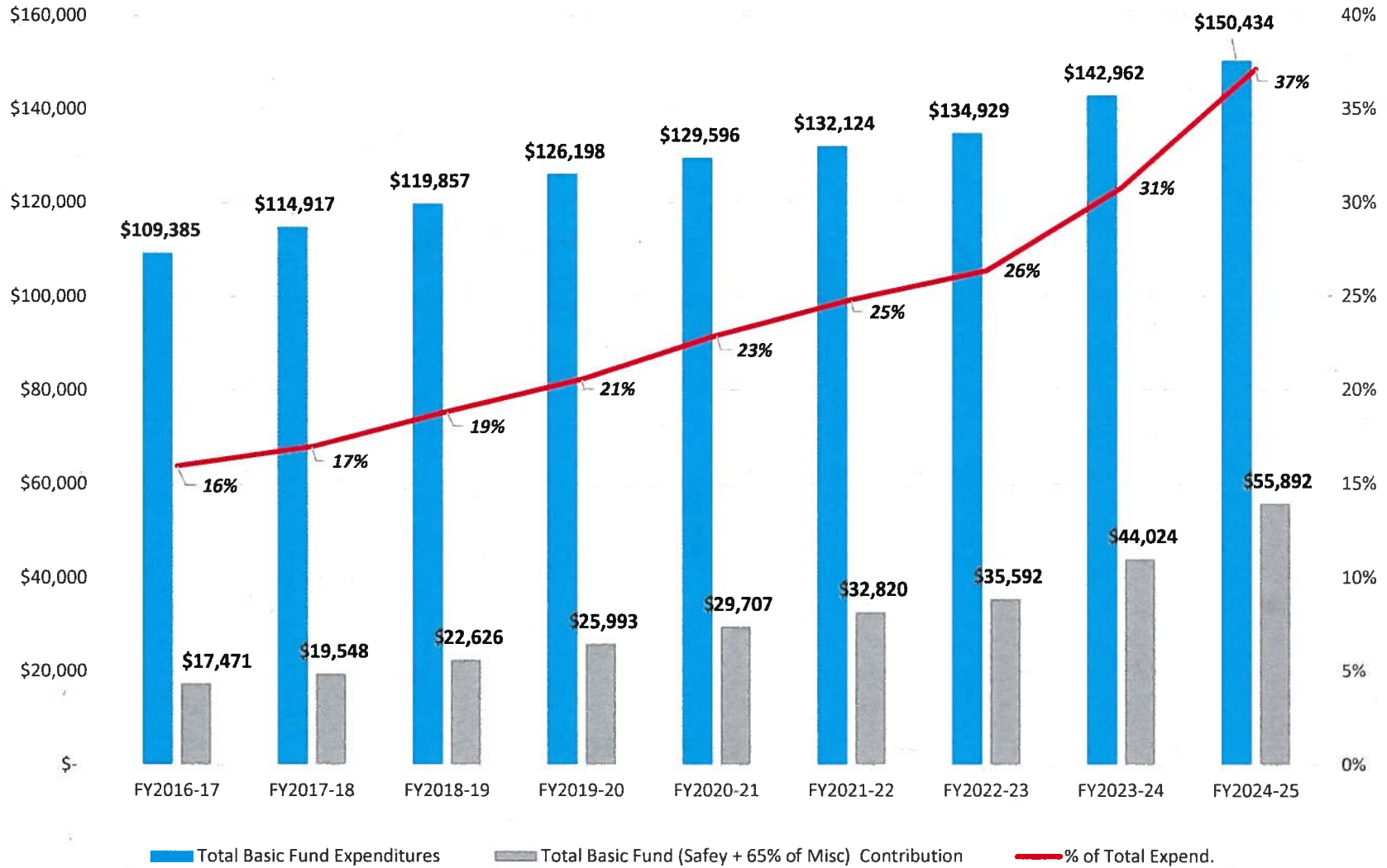
If you have any questions about the information provided or how to apply it to your current valuations, please call our CalPERS Customer Contact Center at 888 CalPERS (or 888-225-7377) and ask to have your plan actuary contact you.

Scott Terando
 Chief Actuary

Total City PERS Annual Contribution



PERS Contribution as a % of Total Basic Fund Budget





END

QUESTIONS



Fleet Management Program

- Represents Investments Made to Maintain and Replace:
 - City of Garden Grove Light Fleet (Police Vehicles, Citywide Light Fleet),
 - Water and Sewer Heavy Fleet,
 - Heavy Equipment, and
 - Fire and Rescue Apparatus

- Contributions (Allocable Ownership of Fund Balance)
 - General Fund
 - Water Fund
 - Sewer Fund
 - Housing Fund

- Uses of Fund
 - Vehicle Maintenance Costs
 - Annual Replacement

Fleet Management Program

Fleet Vehicle and Equipment Inventory		
	Cost Basis	Replacement Cost
FURN MACH & EQUIP	\$ 167,951	\$ 218,336
MOTOR VEH/ MV EQ	\$ 20,350,284	\$ 26,455,369
Total	\$ 20,518,235	\$ 26,673,706

FY15-16 CashFlow Statement Summary	
Net increase (decrease) in cash	\$ (567,412)
Cash and cash equivalents, beginning of year	\$ 24,618,375
Cash and cash equivalents, end of year	\$ 24,050,963



END

QUESTIONS

