

The pension debts owed by Yuba City and Sutter County to CalPERS are **staggering**. As of June 30, 2012, the City of Yuba City owed CalPERS \$55.3 million for its unfunded liability. The city also owes a \$3.1 million balance on pension obligation bonds issued some years ago which will be paid off in about three years. Next year - 2014-2015 - the city will pay CalPERS nearly \$6 million, which includes payment of \$2.4 million on the \$55.3 million debt.

Sutter County **owed \$127 million** to CalPERS as of June 30, 2012 and will pay \$13.5 million in 2014-15 which includes a \$6.5 million payment on the past debt.

CalPERS representatives gave presentations to the City of Yuba City and Sutter County on January 28 and February 11, respectively. The overall message was that, in order to reduce the debts owed by the local government agencies throughout the state, their contributions will be going up significantly starting in the 2015-16 fiscal year and will continue to increase for a number of years before levelling and ultimately declining once the debts owed are paid off sometime around 2043. That is 30 years from now and you can well imagine what will happen to city and county services as the payments to CalPERS increase.

The Sutter County Taxpayers Association has called attention to these pension debts for years, ever since the county increased its formula 35% for miscellaneous employees from 2% at 55 to 2.7% in 2004. At that time Sutter County owed \$11 million to CalPERS as of June 30, 2003, yet they moved forward with a 35% retroactive increase in pension benefits, without a financial analysis, which immediately created a \$31.4 million debt to CalPERS. It has grown every year since then and now sits at \$127 million.

We cannot wait for the state or an initiative to come through with a remedy. Steps need to be taken now to lower the debt sooner and decrease the amount of interest paid each year on the debt. Suggestions include:

- Issuing bonds at an interest rate lower than 7.5% currently required by CalPERS. The Sutter Butte Flood Control Agency issued \$41 million in bonds in June 2013 at an interest rate of just over 4%.
- Paying the yearly amount owed at the start of the fiscal year to save interest. Sutter County's prepayment savings would amount to \$479,609. Yuba City could save \$211,957.
- Negotiating with employees to increase their contribution. Currently Yuba City is paying the employees' entire share of 8% of salary for miscellaneous employees and 9% for safety employees. The city will pay 24.8% for miscellaneous in 2014-15 and 31.7% for safety. Sutter County phased in raises to county employees in 2011 and 2012 cover their share which was previously paid by the county. While the employees share is 8% for miscellaneous and 9% for safety, the county will pay 20.8% for miscellaneous and 28.5% for safety in 2014-15.
- Paying extra each month/year to reduce the debt and interest owed.

And, finally, we urge the citizens of Sutter County and Yuba City to remember this debt come June and November -- remember those representatives who put us there and are still in office. We urge you to vote for candidates who are committed to fiscal responsibility and restoring financial stability to our local governments.

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