



# STAFF REPORT

DATE: 01/07/2026  
TO: Honorable Mayor and City Council Members  
FROM: Finance Department

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**2026-01**

## REQUEST FOR CITY COUNCIL ACTION

### **SUBJECT:**

PRESENTATION ABOUT THE CITY'S UPDATED CALPERS UNFUNDED LIABILITIES AND APPROVAL OF THE FISCAL YEAR 2026 PENSION STABILIZATION TRUST CONTRIBUTION

### **EXECUTIVE SUMMARY:**

This presentation provides an update of the City's CalPERS unfunded pension liabilities, based on the June 30, 2024 actuarial reports, and asks the City Council, acting as the Pension Stabilization Trust Board, to receive and file the presentation and the City Council to approve the FY 2026 Pension Stabilization Trust contribution.

### **RECOMMENDED ACTION:**

That the City Council:

- a. Acting as the Pension Stabilization Trust Board, receive the presentation about the updated pension liabilities and Pension Stabilization Trust.
- b. Approve a Fiscal Year 2026 Pension Stabilization Trust contribution of \$2,300,000 (\$2.0 million from the Measure X Fund 120 and \$0.3 million from the General Fund 110).

- c. Authorize the City Manager, or his designee, to make the necessary budget and accounting adjustments for the Fiscal Year 2026 contribution.

**BACKGROUND & HISTORY:**

The City of Corona Pension Stabilization Trust (Trust) was established pursuant to Section 115 of the Internal Revenue Code, as an entity to which funds for the City can be deposited, and through which a Board of Trustees can invest funds for the exclusive purpose of funding contributions to the pension plan providing benefits for City employees and retirees.

In May 2021, the City Council approved the Pension Management Policy (Policy). In January 2022, the City Council approved the establishment of the Trust and the Trust Agreement (Agreement) and approved an initial investment of \$30,000,000 to the Trust. The funds may be used to address future CalPERS unfunded accrued liabilities (UAL) as well as Pension Obligation Bond (POB) payments.

The Agreement outlines the rules and responsibilities of the Pension Stabilization Board of Trustees (Trustees) and the administration of the Trust. The Trustees approved in 2022 were: the City Treasurer, City Manager, Assistant City Manager, Finance Director, and Accounting Manager. The Agreement was amended in October 2025 to change the Trustees to be the City Council members. Staff will provide an annual presentation about the updated liabilities and a recommended contribution level for the fiscal year (FY).

The combined UAL for the City's three pension plans is \$97.8 million. CalPERS investment returns for FY 2024 were +9.3% which is a difference of +2.5% compared to their original estimate of +6.8%. This is a snapshot at a given point in time. The returns for FY 2025 (report anticipated in 2026) will reflect returns of +11.6%. With the returns beating the original estimate of +6.8% by +4.8%, we anticipate a more positive impact on the UAL in the next report.

**ANALYSIS:**

Through the annual budget process, a total of \$2.0 million was set aside, in the Measure X Fund, as a contribution for FY 2026. The target for paying off the POBs is after year 10 (2031), when the bonds become callable. To achieve that target, \$2.3 million will need to be contributed to the Trust each year, for FY 2026-FY 2031, assuming an average return on investment of 5%.

The City's total cash contributions to the Trust since inception are \$40.85 million. The Trust's market value as of November 30, 2025 was \$59.2 million, with a 12.68% return on investments. The investments have performed well since the City's significant contribution when the Trust began. It's a good example of the Time Value of Money principle: the earlier the funds can be contributed, the better. Staff will continue to evaluate available funding, while balancing current capital and operating needs, and make recommendations to the City Council. The recommended contribution amount for FY 2026 is \$2.3 million to keep the City on track to meet the funding goal of paying off the bonds after year 10.

**FINANCIAL IMPACT:**

Approval of the recommended actions will transfer a total of \$2,300,000 into the Pension Stabilization Trust Fund 485 for FY 2026. The funding breakdown is: \$2,000,000 from Measure X Fund 120 and \$300,000 from the General Fund 110. The funds will be added to the existing Trust balance. No expenditures from the Trust will be incurred at this time.

**ENVIRONMENTAL ANALYSIS:**

This action is exempt pursuant to Section 15061(b)(3) of the Guidelines for the California Environmental Quality Act (CEQA), which states that a project is exempt from CEQA if the activity is covered by the common sense exemption that CEQA applies only to projects that have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. This action is to provide an update on the City's pension liabilities and approve the FY 2026 contribution, and there is no possibility that approval of the recommended actions will have a significant effect on the environment. Therefore, no environmental analysis is required.

**PREPARED BY:** KIM SITTON, FINANCE DIRECTOR

**REVIEWED BY:** BRETT CHANNING, ASSISTANT CITY MANAGER

**ATTACHMENTS:**

1. Exhibit 1 – Pension Stabilization Trust Presentation 01.07.26