June 4, 2018

The Honorable Judge Charles Margines
Presiding Judge of the Orange County Superior Court
700 Civic Center Drive West
Santa Ana, CA 92701

Subject: Response to letter dated May 9, 2018

Dear Judge Margines;

The 2014-2015 Grand Jury Report, published on June 29, 2015, and entitled “Unfunded Retiree Healthcare Obligations-A Problem for Public Agencies?” included recommendations for the City of Westminster. We responded to the court on November 30, 2015. A recent letter, dated May 9, 2018 is requesting an update to our response on Recommendation #2:

Recommendation #2 – “The 21 agencies that have not contributed into an irrevocable trust fund to finance their health obligations should begin to put aside monies to fund this obligation and reduce their unfunded public liabilities (F.2.)”

City Response – This recommendation requires further analysis. The City will evaluate the priority of funding this obligation for the next annual budget cycle.

Please see the revised response below:

The City has taken action to address this obligation. As part of the City’s 2017-2019 Bi-annual Budget, an amount of $2.6 million was approved to be deposited into a Section 115 Trust Account held with CalPERS. The deposit was made on November 2, 2017. An additional small amount derived from budget savings is being requested on the revised 2018-2019 Budget. The City of Westminster will continue to look for ways to contribute to this Section 115 Trust Account with every budget adoption moving forward as funds allow.
Should the Grand Jury have additional questions or comments, please feel free to contact me at 714-548-3189 or sjohnson@westminster-ca.gov.

Sincerely,

Sherry Johnson
Finance Director

Cc: Eddie Manfro
City Council