Public Safety Agreements

Memoranda of Understanding

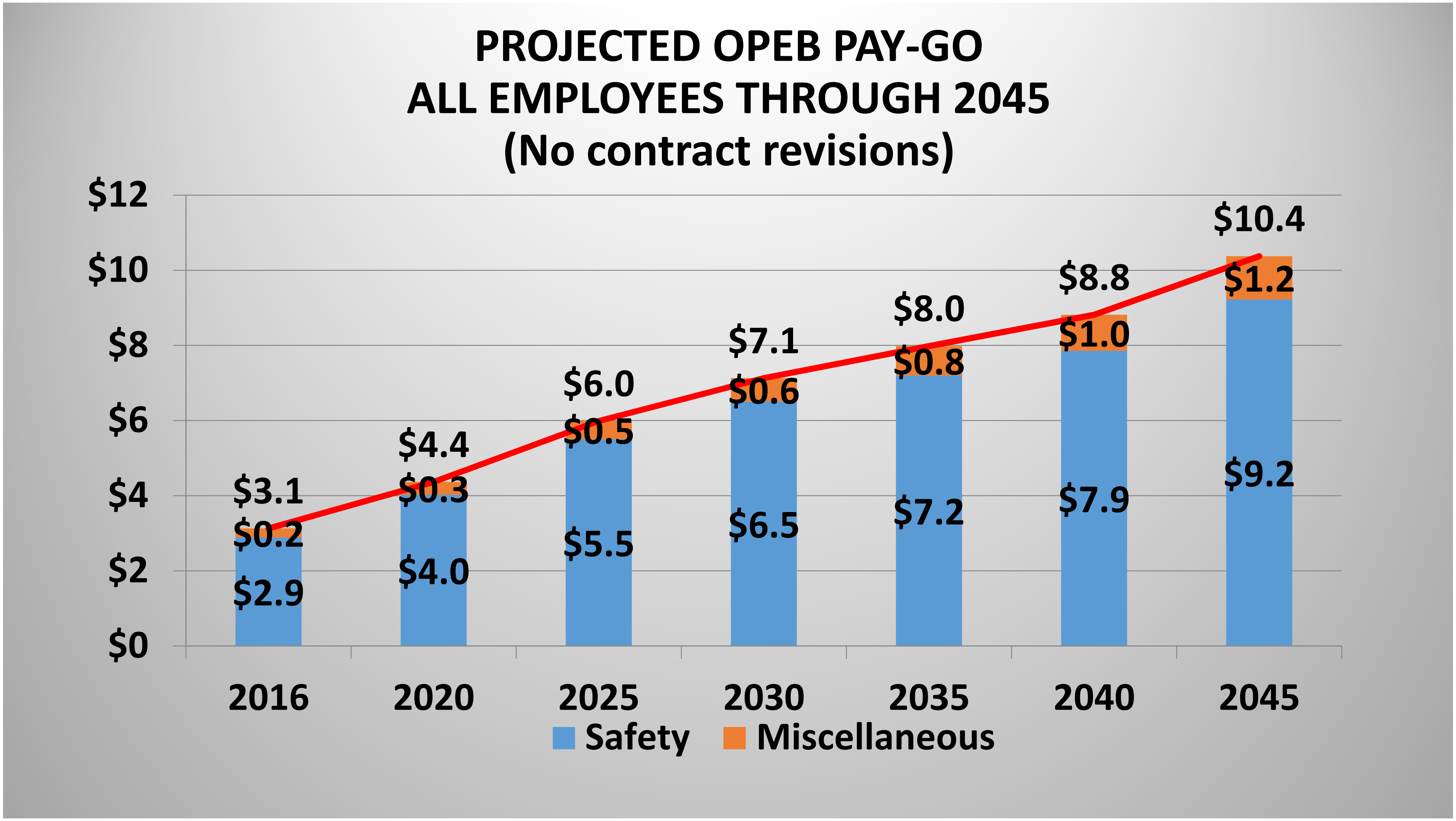
- Alameda Fire Chiefs Association
- International Association of Firefighters Local 689
- Alameda Police Officers Association
- Alameda Police Managers Association

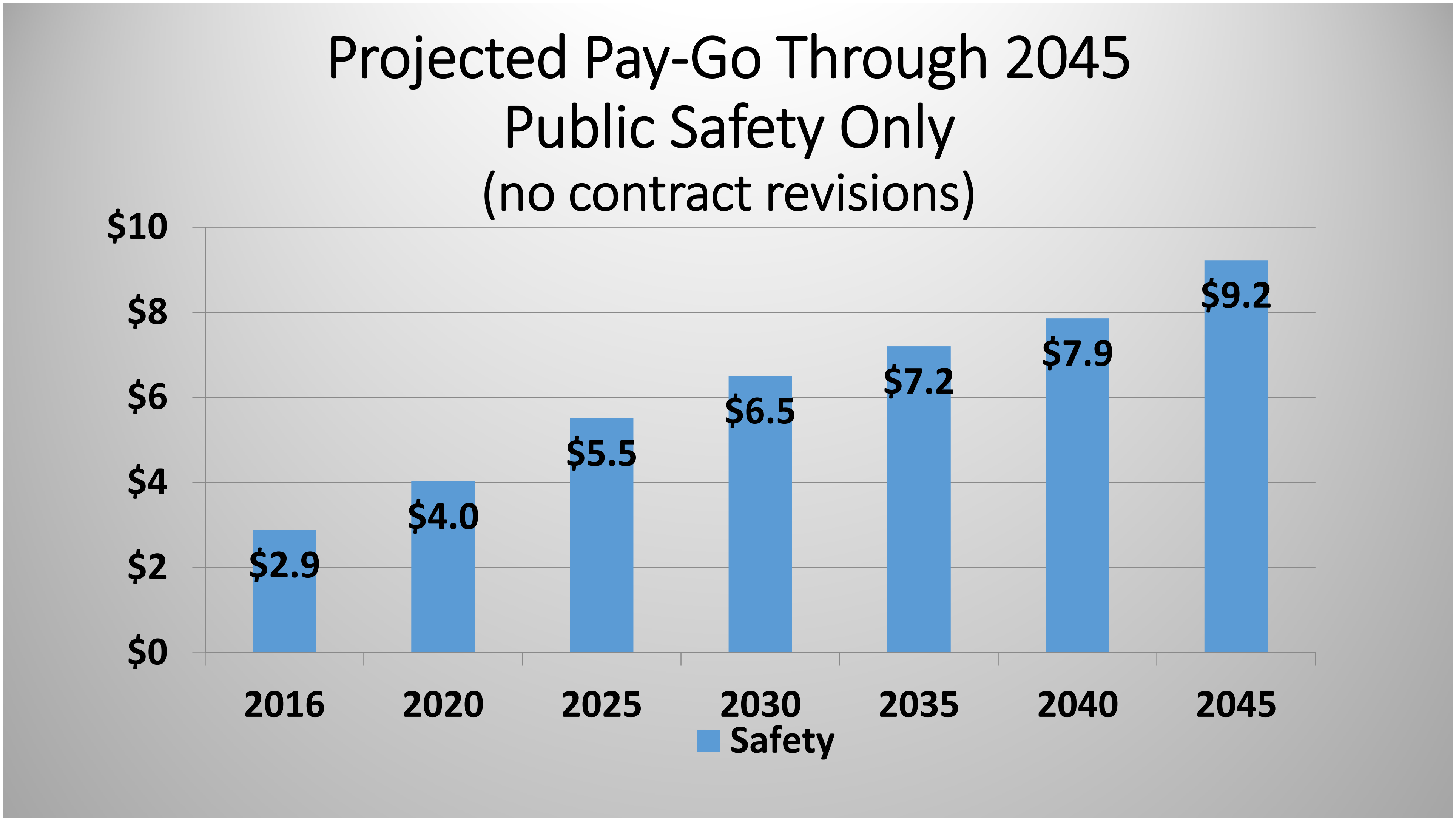
WHAT EXACTLY ARE WE DOING?

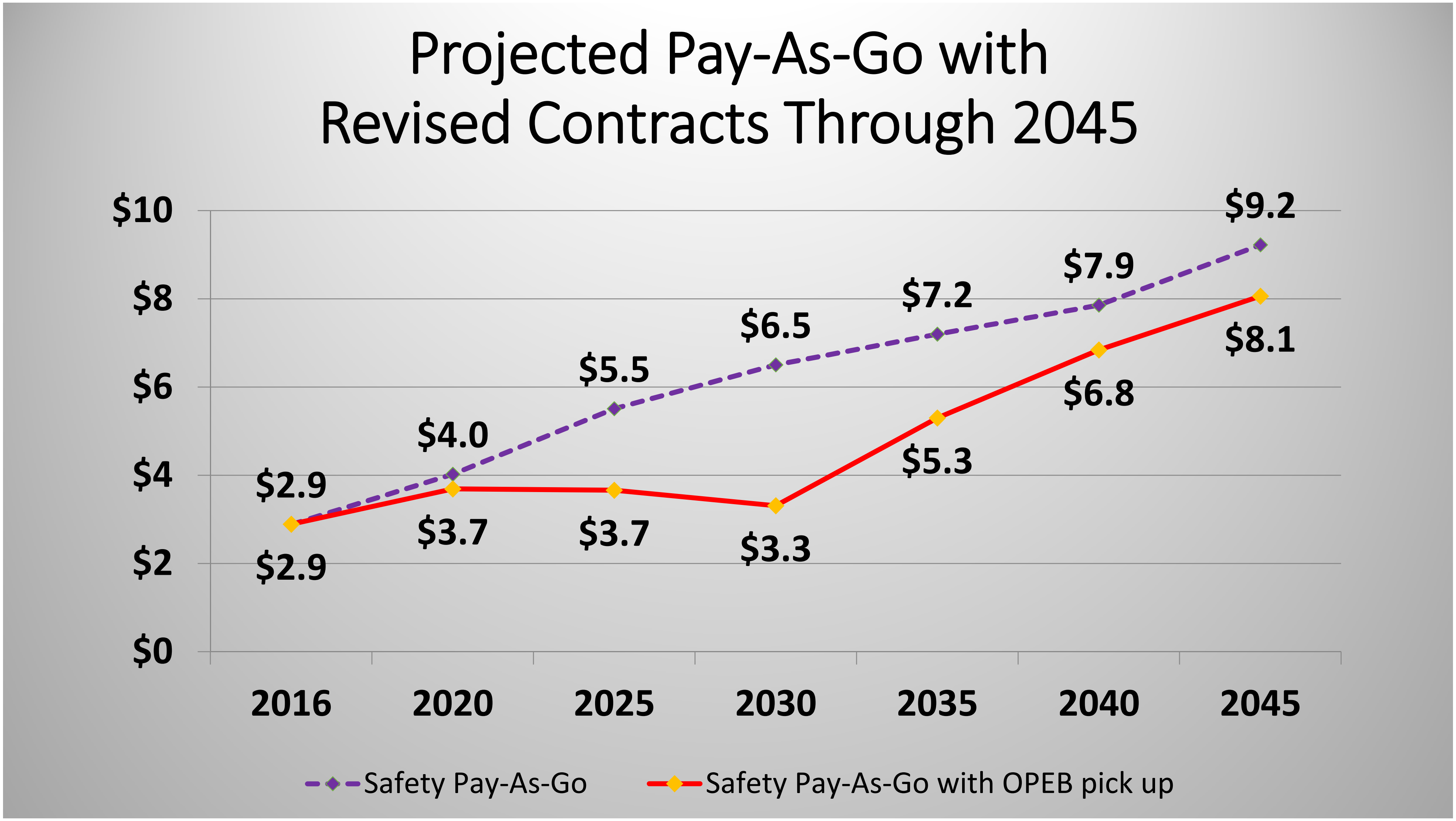
- Amending and Extending Existing Contracts
- Originally set to expire December 2017
- New contracts valid from November 2015 through December 2021

NOW IS THE TIME FOR ACTION

- OPEB Liability is $91 million as of 1/1/13
- Pay-Go amounts continue to increase
- City has been discussing issue for over 8 years
  - Fiscal Responsibility Task Force
  - OPEB Task Force
  - 2 years of Discussion with the Public regarding the problem
- City and Associations have agreed to jointly own and solve the problem


PROJECTED OPEB PAY-GO
ALL EMPLOYEES THROUGH 2045
(No contract revisions)
$12
$10
$8
$6
$4
$2
$0
$3.1
$0.2
$2.9
$4.4
$0.3
$4.0
$6.0
$0.5
$5.5
$7.1
$0.6
$6.5
$8.0
$0.8
$7.2
$8.8
$1.0
$7.9
$10.4
$1.2
$9.2
2016
2020
2025
2030
2035
2040
2045
Safety
Miscellaneous


Projected Pay-Go Through 2045
Public Safety Only
(no contract revisions)
$10
$8
$6
$4
$2
$0
$2.9
$4.0
$5.5
$6.5
$7.2
$7.9
$9.2
2016
2020
2025
2030
2035
2040
2045
Safety



Projected Pay-As-Go with
Revised Contracts Through 2045
$10
$8
$6
$4
$2
$0
2016
2020
2025
2030
2035
2040
2045
$2.9
$4.0
$5.5
$6.5
$7.2
$7.9
$9.2
$2.9
$3.7
$3.7
$3.3
$5.3
$6.8
$8.1
Safety Pay-As-Go
Safety Pay-As-Go with OPEB pick up

WHAT IF WE DON’T DO THIS NOW?

- Lights will still be on but “can” will continue to be kicked down the road
- Liability will continue to grow and City will still be required to absorb increases in Pay-Go
- PERS smoothing effect will continue to overwhelm the General Fund

WHAT ARE WE GIVING UP AND WHAT ARE WE GETTING?

Date	Wage Increase	Employee Contribution Toward OPEB (hired prior to June 2011)	Employee Contribution Toward OPEB (hired after June 2011[1])
1/1/2016	2-5%	2%	1%
1/1/2017	2-5%	3%	2%
1/1/2018	2-5%	4%	2%
1/1/2019	Zero	4%	2%
1/1/2020	3-5%	4%	2%
1/1/2021	Based on survey ≥2% through ≤ 5%	4%	2%

How Does This Affect the Budget

Short Term

- Expected Cumulative Salary Increases through FY 19/20 = $1.2 million
- Employee Contributions to the Trust through FY 19/20 = $4.7million
- City will be obligated to contribute $6.25 million over 5 years

Long Term

- City's Pay-Go (cost of retiree health care) over the next 30 years will go from $188,317,000 to $140,989,000 a **reduction of $47 million** as benefits are paid out of the Trust from current employee contributions

General Fund Budget Overview

5-Year Forecast for FY 15-16 through FY 19-20
(in millions)

	15-16	16-17	17-18	18-19	19-20
Beginning Fund Balance	$ 29.6	$ 30.9	$ 29.9	$ 27.2	$ 23.2
Revenues	81.4	81.6	82.8	84.0	85.2
Transfers In	0.5	0.5	0.5	0.5	0.5
Expenditures & Transfers Out	(80.5)	(83.1)	(85.9)	(88.4)	(91.0)
Annual Operating Results	1.3	(1.1)	(2.7)	(4.0)	(5.3)
Ending Fund Balance	$ 30.9	$ 29.9	$ 27.2	$ 23.2	$ 17.9
% of annual expenditures and transfers out	38%	36%	32%	26%	20%

Ending Available Fund Balance assumes **no** cost-saving measures are taken after 15-16.

General Fund Budget Overview with Revised Safety Contracts

5-Year Forecast for FY 15-16 through FY 19-20
(in millions)

	15-16	16-17	17-18	18-19	19-20
Beginning Fund Balance	$ 29.6	$ 30.8	$ 29.3	$ 26.3	$ 22.0
Revenues	81.4	81.6	82.8	84.0	85.2
Transfers In	0.5	0.5	0.5	0.5	0.5
Expenditures & Transfers Out	(80.7)	(83.5)	(86.3)	(88.8)	(91.1)
Annual Operating Results	1.2	(1.4)	(3.1)	(4.3)	(5.4)
Ending Fund Balance	$ 30.8	$ 29.3	$ 26.3	$ 22.0	$ 16.5
% of annual expenditures and transfers out	38%	35%	30%	25%	18%

Expected vs. Maximum Revenue
to Determine Balanced Revenue Index (BRI)[1]

Current Expected Revenue

FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	% Increase over 6 years
$ 57.5	$ 58.2	$ 59.4	$ 60.4	$ 61.5	$ 62.4	
5%	1%	2%	2%	2%	1%	14%

Revenue That Would Trigger Max BRI

FY14/15	FY15/16	FY16/17	FY17/18	FY18/19	FY19/20	% Increase over 6 years
$ 57.5	$ 63.2	$ 69.5	$ 70.6	$ 77.7	$ 85.4	
5%	10%	10%	2%	10%	10%	47%

[1] Half of the BRI Determines Salary Increases

Long Term Effects

- Total 30 year Unfunded Liability is slightly reduced. Funds are used to pay benefits and not Amortize the UAAL.
- Cities Pay-Go (cost of retiree health care) over the next 30 years will be reduced by $47 million as benefits are paid out of the Trust
- Allows the City to manage the PERS Smoothing effect over the next 5 years.

Other Provisions

- City to contribute $5.0 million in 2016 and $250k for 10 years
- Extend the contracts to 2021
- Employees continue PERS and Health Care cost share
- Complies with PEPRA
- Requires Employees without spousal health coverage to contribute to Supplemental Retirement Plan