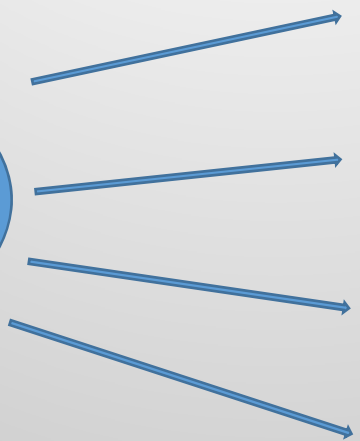


Public Safety Agreements

Memoranda of
Understanding



Alameda Fire Chiefs Association

International Association of
Firefighters Local 689

Alameda Police Officers Association

Alameda Police Managers Association

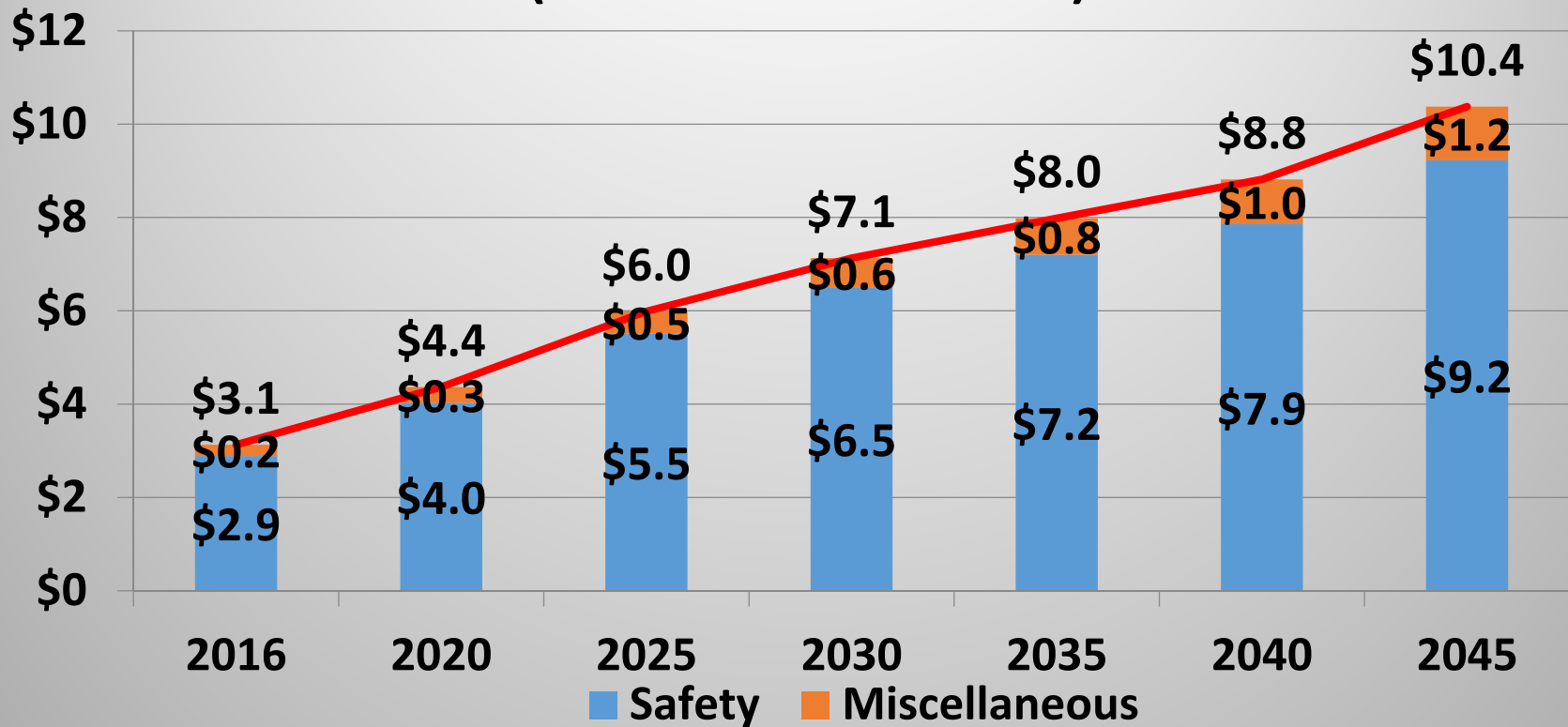
WHAT EXACTLY ARE WE DOING?

- Amending and Extending Existing Contracts
- Originally set to expire June 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)**



Projected Pay-Go Through 2045 Public Safety Only (no contract revisions)



Projected Pay-As-Go with Revised Contracts Through 2045



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 2011¹)
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%

¹ Those employee hired after June 2011 must contribute an additional 2% of pay to a Supplemental Retirement/Health Plan

Salary/Benefit Increases Based on Minimum & Maximum Balanced Revenue Index (BRI)

Fiscal Year	Min BRI		Max BRI	
	%	Amount	%	Amount
15-16	2%	\$ 400,000	5%	\$ 1,000,000
16-17	2%	2,000,000	5%	2,700,000
17-18	2%	1,300,000	5%	2,500,000
18-19	0%	650,000	0%	700,000
19-20	3%	1,900,000	5%	2,900,000
Compounded rate	11.49%		27.63%	
Sal/Ben increase over 5-years (incl PERS)		\$6,250,000		\$9,800,000
Increase in Revenues		\$4,934,660		\$27,960,384
Net		\$ (1,315,340)		\$ 18,160,384

HOW DO WE COMPARE WITH SURROUNDING CITIES? POLICE

Agency	PERS	OPEB/SUPP PLAN ¹	Raises
Fremont	9%	0%	Under Negotiation
Berkeley	9%	0%	Under Negotiation
Alameda County	14.72%	0%	Salary Survey (but no more than 5%)
Livermore	9%	1%	2%
Pleasanton	10.5%	0%	3%, 3%
Hayward	15%	1%	3%,3%,0, Survey (5%)
Alameda	15%	4%	2-5%, 2-5%, 2-5%, 0, 3-5%, 2-5%

¹ Those employee hired after June 2011 must contribute an additional 2% of pay to a Supplemental Retirement/Health Plan

HOW DO WE COMPARE WITH SURROUNDING CITIES? FIRE

Agency	PERS	OPEB/SUPP PLAN ¹	Raises
Fremont	12%	0%	Under Negotiation
Berkeley	10%	0%	Under Negotiation
Alameda County	10%	1.355%	Salary Survey (but no more than 5%)
Livermore/Pleasanton	12%	0%	2%
Hayward	15%	1%	3%,3%,0, 5%
Alameda	15%	4%	2-5%, 2-5%, 2-5%, 0, 3-5%, 2-5%

¹ Those employee hired after June 2011 must contribute an additional 2% of pay to a Supplemental Retirement/Health Plan

HISTORY OF SAFETY PAY INCREASES

YEAR	APOA/IAFF	YEAR	APOA/IAFF
2000	4%	2009	0%
2001	11% (incremental)	2010	0%
2002	4%	2011	0%
2003	3%	2012	0%
2004	4.5%	2013	0%
2005	4%	2014	1.8% (BRI)
2006	5%	2015	4.1% (BRI)
2007	2.5%	2016	2-5% (BRI)
2008	0%	Average = 2.7%/year	

WHO ELSE USES OPEB TRUSTS? ¹

CITIES		SPECIAL DISTRICTS	
Alameda	Redding	Calaveras County Water District	Rowland Water District
Allen	Rialto	California JPIA	Santa Barbara County Law Library
Atherton	Richmond	Central Contra Costa Sanitary District	South Montebello Irrigation District
Bakersfield	Rosemead	Central Contra Costa Transit Authority	South Orange County Wastewater Authority
Brisbane	San Leandro	Coachella Valley Water District	South Placer Fire Protection District
Camarillo	Santa Clara	Coastside Fire Protection District	Southern Marin Fire Protection District
Carver	Santa Clarita	Contra Costa Mosquito & Vector Control District	Superior Court of CA, County of Contra Costa
Commerce	Sausalito – pension too	Crestline Village Water District	Superior Court of CA, County of Imperial
Conroe	Southlake	Delta Diablo	Superior Court of CA, County of Inyo
Coppell	Temple City	Desert Recreation District	Superior Court of CA, County of Kern
Coronado	Tyler	Eastern Sierra Community Services District	Superior Court of CA, County of Marin
Covina	Union City	Fresno Irrigation District	Superior Court of CA, County of Merced
Crescent City	Wareham	Fresno Metropolitan Flood Control District	Superior Court of CA, County of Orange
Cupertino	Woodland	Glenn-Colusa Irrigation District	Superior Court of CA, County of San Mateo
Duarte	Yountville	Great Basin Unified Air Pollution Control District	Superior Court of CA, County of Shasta
Elk Grove	Yucca Valley	Hayward Area Recreation & Park District	Superior Court of CA, County of Siskiyou
Euless		Housing Authority of Florence, SC	Superior Court of CA, County of Sonoma
Fort Worth		Housing Authority of the County of San Bernardino	Tarrant Regional Water District
Fountain Valley	COUNTIES	INTELECOM	Vallejo Sanitation & Flood Control District
Galt	Amador	Menlo Park Fire Protection District	Ventura Regional Sanitation District
Garland	Contra Costa	Mesa Water District	Walnut Valley Water District
Half Moon Bay	Imperial	Metropolitan Transportation Commission	West County Wastewater District
Haltom City	Inyo	Mid-Peninsula Water District	Western Riverside Council of Governments
Hercules	Kern	Mojave Desert Air Quality Management District	SCHOOL DISTRICTS
Hermosa Beach	Merced	Montecito Fire Protection District	Bass Lake Joint UESD
Hurst	Mono	Monterey Bay Unified Air Pollution Control District	Ontario-Montclair SD
La Verne	Plumas	Moraga-Orinda Fire Protection District	Bellflower USD
Lake Forest	Plymouth	Municipal Water District of Orange County	Red Bluff Joint ESD
Lakewood	San Benito	Northern Lancaster County Reg Police Department	Calistoga Joint USD
Livermore	Shasta	Orange County Vector Control District	Centinela Valley UHSD
Mammoth Lakes	Solano – pension too	Orange County Water District	River Delta USD
Mansfield	Sonoma	Placer County Resource Conservation District	Corning Union ESD
North Richland Hills	Trinity	Rancho Murrieta Community Services District	El Dorado UHSD
Norwalk	Yolo		Fowler USD
Novato		COMMUNITY COLLEGE DISTRICTS	John Swett USD
		State Center CCD	Lemon Grove SD
		Yosemite CCD	Manteca USD
			Moreno Valley USD

Last Updated: April 2015

¹ Partial List – Includes PARS Clients Only

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)

	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>
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	<u>\$ 30.9</u>	<u>\$ 29.9</u>	<u>\$ 27.2</u>	<u>\$ 23.2</u>	<u>\$ 17.9</u>
 % 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)

	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>
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	<u>\$ 30.8</u>	<u>\$ 29.3</u>	<u>\$ 26.3</u>	<u>\$ 22.0</u>	<u>\$ 16.5</u>
% 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

RAISES*

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%
2.5%	2%	2%	2%	1%	1%	10.5%

½ BRI

Revenue
That Would
Trigger
Max BRI

RAISES*

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%
2.5%	5%	5%	5%	2.5%	2.5%	22.5%

½ BRI

* Raises are effective January 1 following the Fiscal Year in which BRI is calculated

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 several years.

Reduction in City's Pay-Go Over the Next 30 Years

Years	OPEB Pay-Go No Contract		OPEB Pay-Go With Contracts
FY 2016-2020	17,273,000		16,832,000
FY 2021-2025	24,595,000		18,499,000
FY 2026-2030	30,882,000		17,390,000
FY 2031-2035	34,962,000		18,048,000
FY 2036-2040	37,498,000		32,613,000
FY 2041-2045	43,107,000		37,609,000
TOTAL	\$188,317,000		\$140,991,000

**TOTAL
SAVINGS
\$47,326,000***

* This amount is currently a City responsibility

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