

City of San Leandro

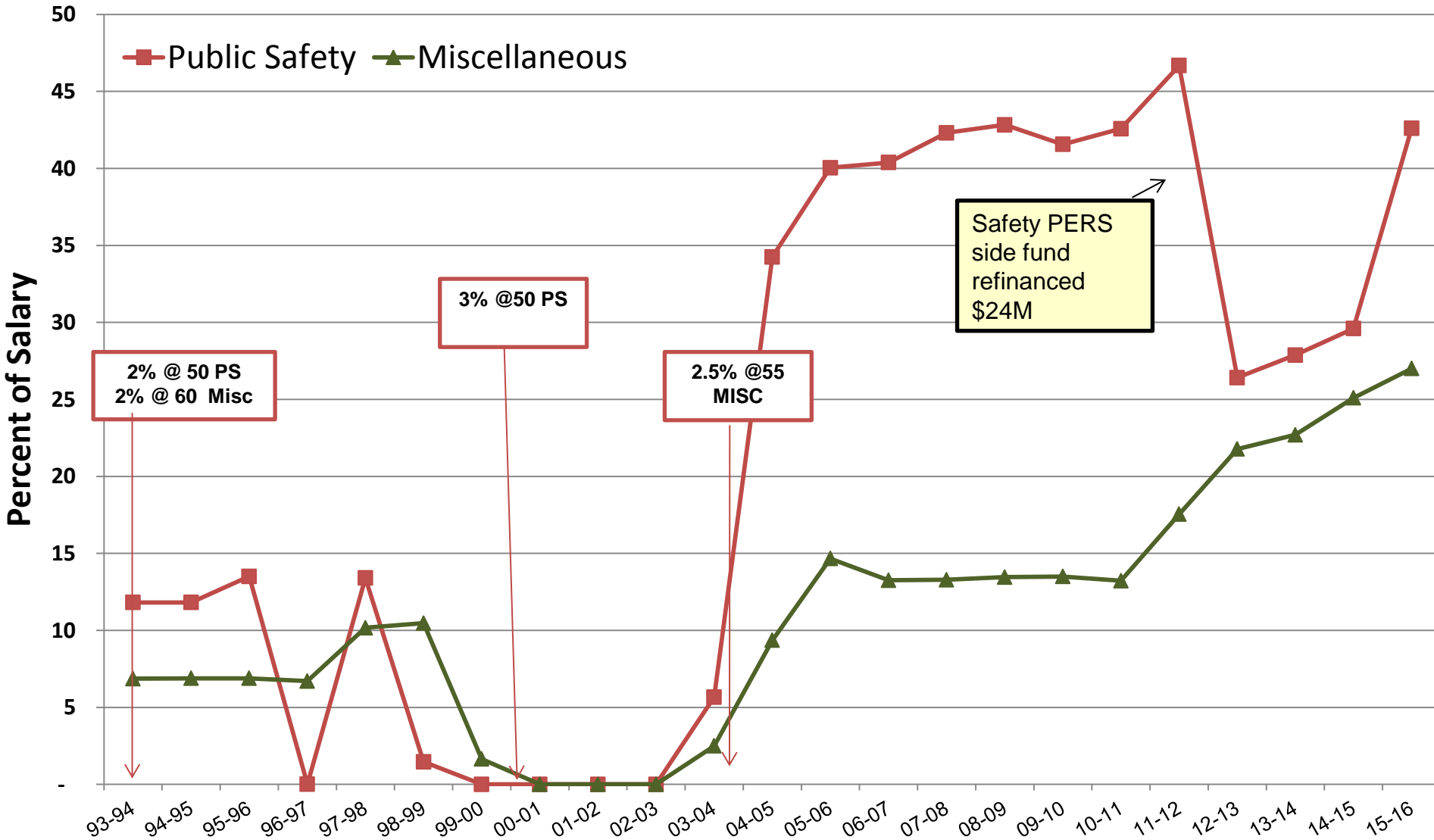
Pension and OPEB Review



Council Chambers
December 1, 2014



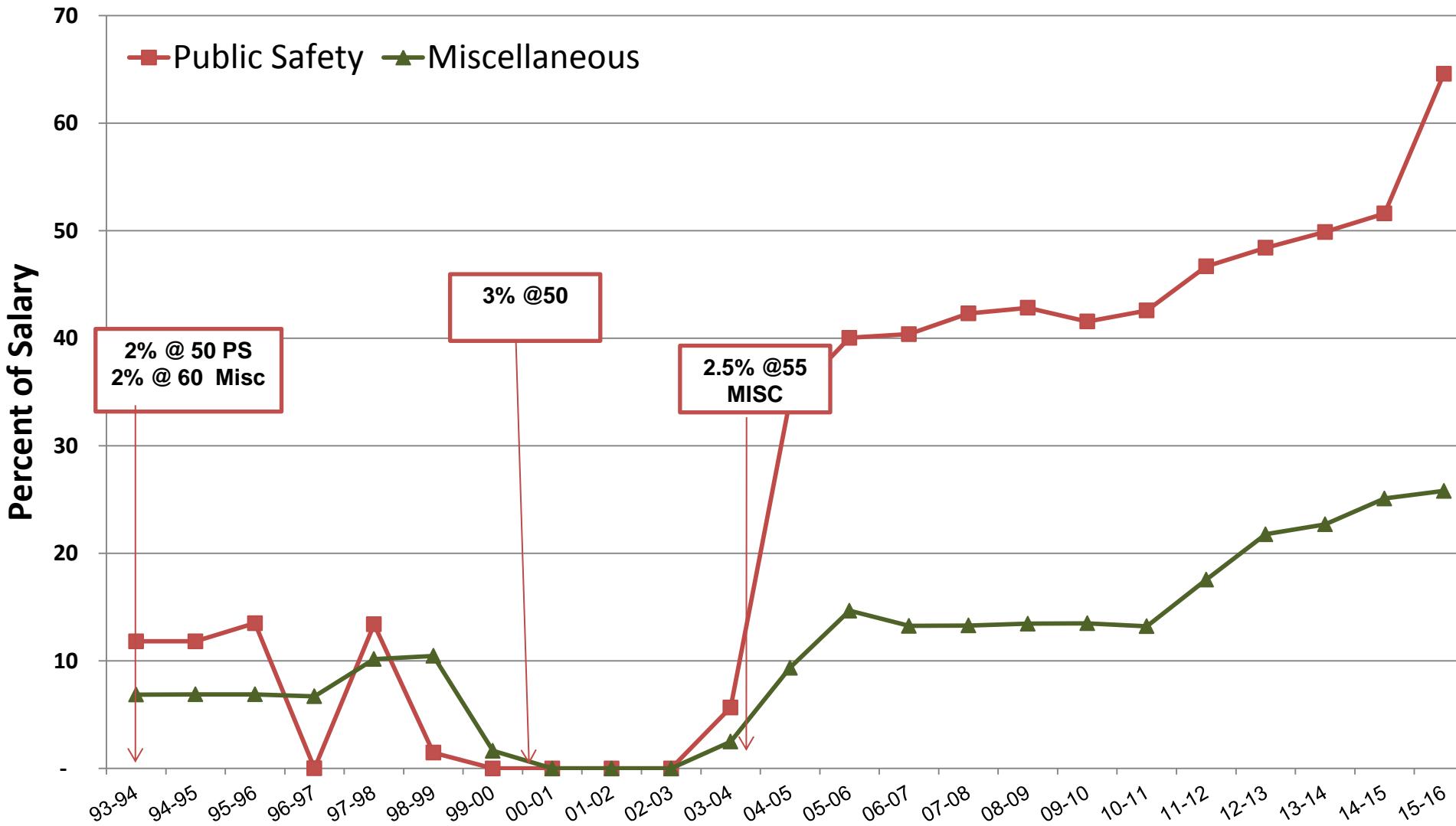
Public Employees Retirement System (PERS) Rates Historical Data, 1993-94 Thru 2015-16





Public Employees Retirement System Effective Rates

Historical Data, 1993-94 Thru 2015-16





Pension Highlights 2014

- May 2014 – PERS announces “pension surcharge” beginning in 2015-16
- Surcharge adds \$1.15 million/year for the City’s Public Safety Plan; a 44% increase in ARC
- Surcharge due to relatively high ratio (3:1) of retirees to active public safety participants
- One of 26 cities charged > \$250,000 surcharge
- Numerous conversations with CalPERS Actuary Alan Milligan and his staff regarding hardship relief



New Pension Reporting GASB 67 and 68

- New pension reporting requires governments providing defined benefit pensions to:
 1. Recognize long-term obligation as liabilities on balance sheet for the first time
 2. Measure annual pension benefit costs more comprehensively and comparably
 3. Enhance pension plans disclosures and required supplementary information
- GASB 67 implementation in 2013-14
- GASB 68 implementation in 2014-15



Post-Public Employees' Pension Reform Act Retirement Tiers

- **Miscellaneous (Non-sworn) SLCEA, SLMO, Confidential, and Unrepresented:**
- **CalPERS Formula**
- **Tier 1** – Prior to May 6, 2010
- 2.5% at 55 (2% early retirement at 50, 2.5% maximum benefit at 55)
- **Tier 2** – May 6, 2010 through December 31, 2012
- 2% at 55 (1.426% early retirement at 50, 2.418% maximum benefit at 67)
- **Tier 3** – January 1, 2013 and After
- 2% at 62 (1% early retirement at 52, 2.5% maximum benefit at 67)



Post-Public Employees' Pension Reform Act Retirement Tiers

- **Safety (Sworn) SLMO, SLPMA, and SLPOA:**
- **CalPERS Formula**
- **Tier 1** – Prior to January 1, 2013
- 3% at 50 (no early retirement age, 3% maximum benefit at 50)
- **Tier 2** – January 1, 2013 and After
- 2.7% at 57 (no early retirement age, 2.7% maximum benefit at 50)



General Fund Focus

Estimated Long-term unfunded liabilities at 6/30/13:

1.	Miscellaneous/Safety unfunded OPEB (ARC is \$1,377,000) – 127% funded this year	\$14,576,000
2.	Miscellaneous unfunded CalPERS (ARC is \$5,313,275) – 100% annual funding	70,257,480
3.	Safety unfunded CalPERS (ARC is \$3,085,446) – 100% annual funding	53,090,454
4.	Fire Department unfunded OPEB (ARC is \$1,814,000) – 83% funded this year	19,796,000
	Total	\$157,719,934



Funding OPEB in FY 14-15

	Annual Req'd Contribution	Budgeted Contribution	Surplus/ (Shortfall)
City	1,377,000	1,750,000	373,000
Alco Fire	1,814,000	1,512,181	(301,819)
Total			\$71,181



Funding Strategies

- POB financing saved \$1.48 million on PV basis
- Budget forecast assumes increase in City's OPEB and PERS contributions
- Future new employees will have lower benefits due to Public Employees' Pension Reform Act of 2013 (PEPRA)
- City will continue payment of ARC for CalPERS and endeavor to pay ARC for OPEB
- Strengthening our revenue streams
- Future bargaining unit agreements to continue employee contributions toward CalPERS

Questions