CITY OF ALAMEDA
Memorandum

To: Honorable Mayor and
Members of the City Council

From: John A. Russo
City Manager

Date: October 30, 2012

Re: Receive a Report from the Pension/OPEB Task Force and Provide Direction on Next Steps

BACKGROUND

Last year, the City Manager appointed a Task Force to review the City's pension obligations, develop a consensus around the gap in the City's pension funding, and propose solutions for the City to close the funding gap. Prior to the first meeting, staff decided to expand the scope of the Task Force's charge to include a discussion of Other Post-Employment Benefits (OPEB), a category which is almost entirely related to retiree medical. (Exhibit 1 contains a glossary of terms used in discussing pension and OPEB.)

The Task Force, which met eight times between October 2011 and June 2012, included individuals with a wide range of publicly held positions on the issues to be considered. The Task Force members were:

- City Treasurer Kevin Kennedy
- City Auditor Kevin Kearney
- Jeff Bratzler (community member)
- Madeline Deaton (community member)
- Earl Hamlin (community member)
- Gretchen Lipow (community member)
- Kate Quick (community member)
- Bill Schaff (community member)
- Dick Spees (community member
- International Association of Firefighters Local 689 President Domenick Weaver
- Alameda Police Officers Association President Mike Abreu
- Fire Chief Mike D'Orazi
- Chief of Police Mike Noonan
- Human Resources Director Holly Brock-Cohn
- Assistant City Manager Lisa Goldman

The City's actuary, John Bartel, and his colleague Marilyn Oliver, assisted the Task Force with its work, reviewing with the group the City's PERS and OPEB actuarial valuations (Exhibits 2 and 3).

During Phase 1 of the Task Force's work, the group was charged with reviewing the City's pension and OPEB obligations, discussing the assumptions used to develop estimates of the liabilities, and developing a consensus around the size of the liabilities. During Phase 2, the Task Force was asked to develop potential solutions for dealing with the City's pension and OPEB obligations.

DISCUSSION

Phase 1: Defining the Size of the Obligations

The Task Force met with Mr. Bartel and Ms. Oliver several times to discuss the PERS and OPEB actuarial valuations so that they could understand the valuations and the assumptions behind the numbers. Subsequently, a subcommittee comprised of Mr. Bratzler, Ms. Brock-Cohn, Ms. Deaton, Chief D'Orazi, and Mr. Kennedy volunteered to draft a report for the group identifying the magnitude of the unfunded liabilities. The subcommittee presented the report (Exhibit 4) to the Task Force at the March 29 meeting. After discussing the subcommittee's report, the larger Task Force concurred with the findings related to the size of the City's pension and OPEB obligations.

The subcommittee report notes that that the City's unfunded pension liability, based on June 30, 2010 data, is $95 million, comprised of $23 million for Miscellaneous employees and $72 million for sworn Safety employees. Those numbers are estimated to rise as of June 30, 2012, to $107 million, or $28 million for Miscellaneous employees and $79 million for sworn Safety employees.

However, the subcommittee believes that the "valuations of unfunded liability are based on a CalPERS 'smoothing' methodology that is too aggressive (overly optimistic)." Rate smoothing is a method used in the calculation of the actuarial value of assets to spread market value asset gains and losses over time in order to stabilize employer contribution rates from year to year. According to the report, "because of smoothing, contribution rates have not increased as much as they should have to reduce the unfunded liability." As a result, the City's contribution rates have been kept artificially low, allowing the unfunded liability to grow to the amounts noted above.

With respect to OPEB, the subcommittee noted that the City has always used a pay-as-you-go approach to funding retiree medical benefits. In other words, the City makes required payments only as they come due; no money is put aside as benefits accrue. According to the subcommittee, the City's estimated unfunded liability for retiree medical has grown to $86 million (January 1, 2011 valuation).

The accrued liability is expected to grow rapidly in the next 15 years, exceeding $150 million, while the pay-as-you-go cost is projected to grow as medical premiums increase

and more employees retire and begin receiving benefits. Over the next 15 years, the amount the City pays using the pay-as-you-go approach is expected to rise from the current $2.5 million annually to an estimated future annual obligation of $7 million.

Phase 2: Developing Potential Solutions

Pensions

At the April 25 and May 24 meetings, the Task Force began discussing solutions for dealing with the City's pension obligations. Members were asked at the May 24 meeting to answer two questions: 1) does the City have a PERS problem; and 2) what are some solutions if there is a problem. Most of the members agreed that the City has a "PERS problem," but they differed about whether the problem is a serious problem or not, and whether it is a temporary problem or a longer-term, structural problem. After discussion and brainstorming, the Task Force developed a list of potential solutions, but there was no consensus on the universe of options or whether any of the solutions were acceptable. The list was eventually turned into a questionnaire, which all but one Task Force member completed.

Of the 14 respondents, ten answered yes to the question of whether the City has a "PERS problem," three answered no, and one answered both yes and no. The chart below shows the number of respondents who agreed or disagreed with each potential solution. Some respondents did not answer all of the questions, and some wrote comments rather than checking boxes. To the extent feasible, these comments were distilled into agree or disagree answers. (Note that the table below contains the verbatim questions from questionnaire. The pension reform legislation, described below, changes some of these potential solutions.)

	Potential Solution	Agree	Disagree
1.	Sell Alameda Point; use the proceeds to help pay down the City's PERS liability.	3	11
2.	Sell other City assets; use the proceeds to help pay down the City's PERS liability.	4	10
3.	Use any "windfall" monies the City may receive to help pay down the City's PERS liability.	6	7
4.	Negotiate with Miscellaneous employees to pay more of the City's share of the PERS rate. (This would have to be done outside the PERS contract.)	10	3
5.	Negotiate with Safety employees to pay more of the City's share of the PERS rate. (This can be done through the PERS contract, up to a cap. Additional contributions must be done outside the PERS contract.)	14	0
6.	Negotiate with Miscellaneous employees for a 2% @ 60 tier for new employees.	10	3
7.	Negotiate with Safety employees for a 3% @ 55 tier for new employees.	10	3

8.	Freeze COLAs for PERS retirees.	8	6
9.	Negotiate with employees to change from single highest year to average of three highest years when calculating benefits. (This would apply to new employees only.)	14	0
10.	Investigate a hybrid plan that combines a smaller defined benefit plan with a defined contribution plan.	8	5

Although the Task Force was not able to reach unanimous agreement on whether the City had a "PERS problem" and, if it did, how to address it, the group did reach consensus around two primary options: negotiate with Safety employees to pay more of the City's share of the PERS rate (in addition to the two percent they are already paying), and negotiate with both Miscellaneous and Safety employees so that benefits for new employees would be calculated based on the average of the three highest years of salary, rather than the current single highest year.

Pension Reform

Some members of the public have suggested that the City should put forth a ballot measure similar to the one in the City of San Jose that would make dramatic changes to that city's non-CalPERS pension system. However, the City of San Jose has its own retirement system and, therefore, has greater latitude to change benefits. Other jurisdictions with their own retirement systems, such as the City of San Diego, have been troubled over the years by scandal. It is important to note that no one on the Task Force suggested during any of the meetings that the City of Alameda leave CalPERS and create its own retirement system.

Several months after the last Task Force meeting, the California Legislature passed, and the Governor signed, AB 340, the California Public Employees' Pension Reform Act (PEPRA), which will have a dramatic effect on public pensions in California. (PEPRA does not apply to cities like San Jose and San Diego that have their own retirement systems.) The main features of the legislation, which goes into effect January 1, 2013, are included in a document CalPERS developed entitled "Preliminary Summary of Pension Reform Provisions" (Exhibit 5).

The highlights include:

- **New retirement benefit formulas** for new employees (defined as those new to the CalPERS system after January 1, 2013, or those who have a six month or greater break in PERS service). The formulas are:
  - Miscellaneous: 2% @ 62 or 2.5% @ age 67
  - Safety: 2% @ age 57, or 2.5% @ age 57, or 2.7% @ age 57
- **Cap on the annual salary** that counts towards final compensation for all new employees ($110,000 for those in Social Security, $132,000 for those not in Social Security, like City of Alameda employees).
- **Equal sharing of normal cost** of pension contributions for both new and current employees.

  - Employees will pay at least 50% of the normal costs, and employers may not pay any of the required employee contribution.
  - New employees will immediately pay the 50%.
  - Current employees can agree to the cost sharing between January 1, 2013 and December 31, 2017.
  - Effective January 1, 2018, employers may unilaterally require employees to pay 50% of the total annual normal cost up to an 8% contribution rate for miscellaneous employees and an 11 or 12% contribution rate for safety employees. **However cities can negotiate with bargaining groups to pay more than the 8%, 11% or 12% of the employer share.** (City of Alameda employees already pay their full employee share. In addition, Safety employees pay 2% of the employer share, while Miscellaneous employees will begin paying 1.868% of the employer share in January 2013, as a result of labor agreements recently negotiated by the City Manager.)
- **Airtime purchases,** or the purchase of nonqualified service credit, would be prohibited after January 1, 2013 for both new and current employees.
- **Pension spiking** would be prohibited for new employees. In other words, bonuses, overtime, cash payouts for unused sick and vacation leave, and severance pay would be excluded from the calculation of retirement benefits.
- **Final compensation based on highest average annual compensation over three-year period,** rather than single-highest year, for new employees.

Many questions remain to be answered about how PEPRA will work once it is implemented. The City's Human Resources Director is participating in an initiative of the League of California Cities that is attempting to develop answers to these questions to help guide cities through this process. Most importantly, the City needs to learn which provisions are mandated upon CalPERS contracting agencies, and which are merely permitted. This is important because those that are mandated are no longer subject to collective bargaining.

Noticeably, with some variations related to second tier retirement benefit formulas for new employees, PEPRA already requires or permits the City to implement the Task Force's five highest-rated potential solutions:

- Negotiate with Safety employees to pay more of the City's share of the PERS rate (14 agree; permitted by PEPRA)
- Negotiate with employees to change from single highest year to average of three highest years when calculating benefits (14 agree; required by PEPRA for new employees)
- Negotiate with Miscellaneous employees to pay more of the City's share of the PERS rate (10 agree; permitted by PEPRA)
- Negotiate with Miscellaneous employees for a second tier for new employees (10 agree; required by PEPRA)
- Negotiate with Safety employees for a second tier for new employees (10 agree; required by PEPRA)

OPEB

At the final meeting of the Task Force on June 28, the group turned its attention to discussing solutions to the City's "OPEB problem," agreeing that the City had more leeway to make positive changes in this area and should focus its attention on OPEB rather than on PERS. Once again, members of the Task Force were asked two questions: 1) does the City have an OPEB problem; and 2) what are some solutions if there is a problem. Members brainstormed potential solutions and reviewed a memo (Exhibit 6) that contains descriptions of some of the potential solutions. Once again, Task Force members were asked to respond to a questionnaire that listed all of the solutions proffered by the Task Force members and included a ranking column so that respondents could rank order the solutions with which they agreed. Thirteen Task Force members returned their questionnaires.

Of the 13 respondents, 11 answered yes to the question of whether the City has an "OPEB problem," and two did not answer the question, though their responses to the subsequent questions indicate that they believe there is a problem. The chart below shows the number of respondents who agreed or disagreed with each potential solution, as well as the ranks given by those who ranked their choices. As with the earlier questionnaire, some respondents did not answer all of the questions, and some did not provide rankings for some or all of the options with which they agreed.

	Potential Solution	Agree	Disagree	Rank
1.	Sell Alameda Point; use the proceeds to help pre-fund the City's OPEB liability.	3	10	1,1,2
2.	Sell other City assets; use the proceeds to help pre-fund the City's OPEB liability.	6	7	1,2,2,2,2 10
3.	Use any "windfall" monies the City may receive to help pre-fund the City's OPEB liability.	9	3	2,2,2,2,3 3,5,9
4.	Dedicate some portion of profit from land sales to help pre-fund the City's OPEB liability.	2	8	1,2
5.	Require employee contributions towards OPEB.	9	4	1,1,1,1,3 4,6
6.	Modify vesting and eligibility rules for new hires beyond those changes made in mid-2011 (eligibility for spouses eliminated and number of years to vest standardized to ten years for all new public safety employees)	11	2	1,2,2,3,4 4,5,5,5
7.	"Buy out" the benefit by establishing a program like that in Beverly Hills in which employees are given an option of receiving money (either cash or tax advantaged account) in exchange for their defined benefit.	10	2	1,3,4,5,5 5,6,6,6
8.	Establish a Voluntary Employees' Beneficiary Association (i.e., CALGOVEBA): an irrevocable trust funded by tax-free employee and/or employer contributions to individual accounts. (requires agreement from everyone in a given bargaining group)	9	3	1,4,4,5,6 8,9,9

9.	Establish a plan such as the 401(a)(h) in which employees make contributions now for their future health care. (requires agreement from everyone in a given bargaining group)	11	2	3,3,4,6,7 7,8,8,9
10.	Establish an OPEB Trust through another mechanism, i.e., CERBT (CalPERS) or PARS	5	6	1,6,7,7,8
11.	Work with employee bargaining groups to negotiate down the liability.	11	2	1,1,1,2,2 3,3,4,6,6
12.	Cap the benefits: put a dollar ceiling on the benefit and index it to the CPI	6	7	1,2,3,4,7 7
13.	Revise the retiree medical plan to establish alternate medical groups for retirees and require retirees to pay the true costs of their health benefits through higher co-pays and deductibles	8	5	1,2,6,6,7 8,8
14.	Move to a defined contribution or hybrid plan	8	5	1,4,5,5,5 7,9

Although the members of the Task Force who returned their questionnaires agreed that the City does have an "OPEB problem, no potential solution was embraced by all respondents. Those with the highest number of "agree" votes were:

- Modify vesting and eligibility rules for new hires beyond those changes made in mid-2011 (eligibility for spouses eliminated and number of years to vest standardized to ten years for all new public safety employees)
- Establish a plan such as the 401(a)(h) in which employees make contributions now for their future health care. (requires agreement from everyone in a given bargaining group)
- "Buy out" the benefit by establishing a program like that in Beverly Hills in which employees are given an option of receiving money (either cash or tax advantaged account) in exchange for their defined benefit.
- **Work with employee bargaining groups to negotiate down the liability.**

At this time, staff does not have an estimate of the potential savings that the City could realize from these potential solutions, or the others included in the questionnaire. Detailed analysis of the pros and cons, and how the solutions could be implemented, would be required before staff could make a recommendation to the City Council to pursue one or more of the options.

City and Employees Proactively Address Pension and OPEB Costs

The Task Force felt that while recent legislative action has been enacted to allow for increased pension cost sharing between employers and employees, it was important to recognize that the City and its bargaining units collaborated on this issue prior to the State's passage of pension reform legislation. All Safety employees have been picking up 2% of the employer contribution to CalPERS since January 2012, while the Miscellaneous employees will begin paying 1.868% of the employer share in January

2013. (Exhibit 7 is a survey conducted by the League of California Cities that shows pension changes undertaken by cities in the Bay Area prior to the passage of pension reform legislation. The survey was conducted prior to the City's Miscellaneous employees agreeing to the 1.868% cost sharing.)

Similarly, the Task Force also wanted to acknowledge that the City and its Safety employees have already taken steps to address OPEB costs. The vesting requirement for these benefits was increased, and the benefits were significantly reduced for employees hired after June 2011. Additional options are being discussed to address the costs of both of these issues moving forward.

FINANCIAL IMPACT

There is no financial impact from receiving this report. The pension reform legislation will eventually have a positive impact on the City's budget as new employees enter the system under the new pension rules. The financial impacts of the various OPEB solutions cannot be quantified without more analysis. However, each of the options should have some positive impact on reducing the City's $86 million and growing liability.

MUNICIPAL CODE/POLICY DOCUMENT CROSS REFERENCE

There is no impact to the Alameda Municipal Code.

ENVIRONMENTAL REVIEW

Receipt of this report will not result in a significant effect on the environment and is exempt from CEQA under Guidelines section 15061(b)(3).

RECOMMENDATION

Receive a report from the Pension/OPEB Task Force and provide direction on next steps.

Respectfully submitted,

Lisa Goldman
Assistant City Manager

Financial Impact section reviewed,

for Fred Marsh
Controller

Exhibits:
1. Glossary of Pension and OPEB terms
2. Pension actuarial valuation—on file in the City Clerk's Office
3. OPEB actuarial valuation—on file in the City Clerk's Office
4. Subcommittee report on Pension and OPEB liabilities—on file in the City Clerk's Office
5. CalPERS Preliminary Summary of Pension Reform Provisions
6. Other Post-Employment Benefits (OPEB) Summary of Options memo
7. League of California Cities Pension Sustainability Survey

cc: Members, Pension/OPEB Task Force

Glossary of Pension and OPEB Terms

Actuarial Accrued Liability: The present value of projected future benefits earned by **employees to date.**

Actuarial Valuation: A process used by actuaries to 1) project future benefit payments, 2) discount those payments to their total present value, and 3) systematically allocate an appropriate portion of that amount to each period of employee service using one of several accepted methods.

Advance Funding: A method of financing benefits by placing resources in trust as employees earn benefits so that the resources thus accumulated, along with related earnings, can be used to make benefit payments as they become due.

Annual Required Contribution (ARC): The portion of the present value of projected benefits earned by employees attributable to the current period. The ARC is the sum of the normal cost and the Unfunded Actuarial Accrued Liability. The amount determines the level of employer contribution that would be required on a sustained, ongoing basis to fully fund the normal cost and to fully amortize the Unfunded Actuarial Accrued Liability (UAAL). It is the amount needed to pay benefits as they come due plus amortize the UAAL.

Discount Rate: The discount rate takes into consideration the expected investment income of funds that are set aside to pre-fund benefits. If there is no pre-funding, the discount rate will be much lower and the liabilities significantly higher than if the benefits are pre-funded.

Implicit Rate Subsidy: The de facto subsidy of retirees by permitting them to pay lower than age-adjusted premiums through the use of a single-common or blended premium for both retirees and active employees.

Net OPEB Obligation: Accounting liability created when an employer does not fully fund its annual required contribution for OPEB.

Normal Cost: The value of benefits "earned" during the current year.

Pay-As-You-Go: A method of financing benefits by making required payments only as they come due, with no funding set aside for payment of future benefits.

Unfunded Actuarial Accrued Liability (UAAL): The difference between the actuarial accrued liability and the actuarial value of assets accumulated to finance that obligation (typically amortized over 30 years).

CalPERS

Preliminary Summary of Pension Reform Provisions

These preliminary comments of CalPERS staff are based on its current understanding of AB 340 as set forth in Conference Report. These comments are not intended to address all issues that could arise if the bill becomes law.

Brief Summary	PROPOSED STATUTE	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
in the future from modifying a benefit plan to provide a final compensation period of less than a three year period for existing employees.			
Felons Forfeit Pension Benefits Would require both current and future public officials and employees to forfeit certain specified pension and related benefits if they are convicted of a felony in carrying out their official duties, in seeking an elected office or appointment, or in connection with obtaining salary or pension benefits, subject to certain requirements.	**7522.70** **7522.72** **7522.74**	X	X
Limit Post-Retirement Public Employment • Would limit all employees who retire from public service from working more than 960 hours or 120 days per year for any public employer in the same public retirement system without reinstating from retirement. • Would require a 180-day "sit-out" period before a retiree could return to work without reinstating from retirement except under certain circumstances. • Would require a 180-day "sit-out" period for retirees who received either a golden handshake or some other employer incentive to retire. • Would require a public retiree appointed to a full-time position on a state board or commission to suspend his or her retirement allowance and become a member of CalPERS.	**7522.56**	X	X
Contracting Agency Liability for Excessive Compensation Would require CalPERS (for plans it administers) to define a "significant increase" in actuarial liability for a former employer caused by increased compensation paid to a nonrepresented employee by a subsequent public employer. Would also require	**20791**	X	X

* Although these provisions would not impact curret members directly, they would prohibit public employers from offering such a benefit or option to current members in the future.

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CalPERS develop a plan to assess the cost of that excess liability to the employer who paid the excessive compensation and the provision would apply to any significant increase that is determined after January 1, 2013 regardless of when that increase occurred.			

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Brief Summary	PROPOSED STATUTE	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Prohibit Retroactive Pension Increases Would prohibit public employers from granting retroactive pension benefit enhancements that would apply to service performed prior to the date of the enhancement. This would apply to current and future employees.	**7522.44**	X	X
Prohibit Pension Holiday Would require the combined employer and employee contributions, in any fiscal year, to cover that year's normal cost.	**7522.52**	X	X
Calculate Benefits Based on Regular or Base Pay to Stop Spiking: New Employees Would require that pensionable compensation for all new employees be defined as the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group for services rendered on a full-time basis during normal working hours, pursuant to a publicly available pay schedule. Would also exclude all bonuses, overtime, pay for additional services outside normal working hours, cash payouts for unused leave (vacation, annual, sick leave, CTO, etc.,), severance pay and various other types of pay as specified. Also would exclude any compensation determined by the retirement board to have been paid to increase a member's retirement benefit and any other form of compensation determined to be inconsistent with the statutory definition.	**7522.40**		X
Require Three-Year Final Compensation Would require that final compensation for new employees of all California public agencies be defined as the highest average annual final compensation during a consecutive 36 month period, subject to the cap. Also would prohibit a public employer	**7522.33**	*	X

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CalPERS

Preliminary Summary of Pension Reform Provisions

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Brief Summary	PROPOSED STATUTE	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
• For employees of contracting agencies and schools, the employer and employee organization may mutually agree to pay cost sharing agreement for pension benefits between January 1, 2013 and December 31, 2017. Beginning on January 1, 2018 the employer may unilaterally require employees to pay 50% of the total annual normal cost up to an 8% contribution rate for miscellaneous employees and an 11 or 12 percent contribution rate for safety employees. • For state employees, contribution rates increase by a fixed percentage at specific dates beginning July 1, 2013. Rates increase and vary by bargaining unit and classification.			
Close LRS For New Members Would prohibit new members from participating in the LRS. However, new statewide constitutional and legislative statutory officers would still be eligible for optional membership in CalPERS.	**9355.4**		X
Equal Health Benefits and Health Benefit Vesting Schedule for Non-Represented and Represented Employees Would eliminate the ability of an employer to provide better health benefits or a better health benefit vesting schedule to non-represented employees than it does for represented employees.	**7522.40**	X	X
Prohibit Purchases of Airtime Would eliminate the ability of any public employee to purchase nonqualified service or "airtime," unless an official application was received by the system prior to January 1, 2013.	**7522.46**	X	X

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CalPERS

Preliminary Summary of Pension Reform Provisions

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Brief Summary	PROPOSED STATUTE	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
a public employer from offering a replacement benefit plan for any employee if the employer does not offer a plan of replacement benefits prior to January 1, 2013.			
Federal Compensation Limit for Determining Retirement Benefits (1) Would require all public retirement systems in California to adhere to the federal compensation limit when calculating retirement benefits for new members; and (2) would prohibit a public employer from making contributions to any qualified public retirement plan based on any portion of compensation that exceeds this limit. *(Note: CalPERS already adheres to the federal compensation limit)*	**7522.42**		X
Actuarially Reduced IDR Benefits for Public Safety Would allow a safety member, who qualifies for an IDR, to receive the greater of: 1) 50% of the member's final compensation plus any annuity purchased with his/her accumulated contributions, if any; 2) A service retirement, if the member qualifies for service retirement; or 3) An actuarially reduced retirement formula, as determined by the actuary, for each quarter year of service age less than age 50, if that amount would be higher than 50% of salary.	**7522.66** **21400**	X	X
Equal Sharing of Normal Cost • For new and current employees, the bill provides that "the standard shall be that employees pay at least 50% of the normal costs and that that employers not pay any of the required employee contribution." • For new employees of contracting agencies and schools, the initial employee contribution rate may not be less than 50% of the total annual normal cost of pension benefits.	**7522.30** **20516.5** **20683.2**	X	X

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CalPERS

Preliminary Summary of Pension Reform Provisions

These preliminary comments of CalPERS staff are based on its current understanding of AB 340 as set forth in Conference Report. These comments are not intended to address all issues that could arise if the bill becomes law.

Brief Summary	PROPOSED STATUTE	IMPACTS CURRENT MEMBERS	IMPACTS FUTURE MEMBERS
Reduced Benefit Formulas & Increased Retirement Ages Would create a new defined benefit formula of 2% at age 62 for all new non-safety employees with an early retirement age of 52 and a maximum benefit factor of 2.5% at age 67, and three new defined benefit formulas for safety public employees with a normal retirement age at 50 and a maximum retirement age at 57 as follows: Normal Ret Age / Maximum Benefit Factor Basic Formula: 1.426% at Age 50 / 2% at Age 57 and older Option Plan 1: 2% at Age 50 / 2.5% at Age 57 and older Option Plan 2: 2% at Age 50 / 2.7% at Age 57 and older Also would require the formula offered be the closest to the formula presently offered to the same classification and that provides a lower benefit at 55 years of age.	**7522.10** **7522.15** **7522.20** **7522.25**		X
Cap Compensation that Counts Toward Pension Benefits Would cap the annual salary that counts towards final compensation for all new employees, excluding judges, at $110,100 (2012 Social Security Contribution and Benefit Base) for employees that participate in Social Security or $132,120 (120% of the Contribution and Benefit Base) for those employees that do not participate in Social Security. This compensation cap would adjust annually based on the CPI for All Urban Consumers.	**7522.10**		X
Eliminate Replacement Benefit Plans Would prohibit a public employer from offering a plan of replacement benefits for new members whose retirement benefits are limited by IRC Section 415. Also would prohibit	**7522.43**	*	X

* Although these provisions would not impact curret members directly, they would prohibit public employers from offering such a benefit or option to current members in the future.

City of Alameda

Interdepartmental Memorandum

Date: 6/27/12

To: Lisa Goldman
Assistant City Manager

From: Terri Wright
Senior Management Analyst

RE: Other Post-Employment Benefits (OPEB) Summary of Options

BACKGROUND

The Pension and OPEB Task Force (Task Force) was asked by the City Manager to identify possible solutions for solving the OPEB unfunded liability problem. During phase 1 of the Task Force's project, Bartel Associates presented the OPEB Actuarial Report to the Task Force.

A subcommittee of the Task Force reviewed and evaluated the OPEB Actuarial Report and determined that the City's accrued liability for OPEB is $86 million. The subcommittee also concluded that the main factors contributing to the accrued liability are:

- Inflation in medical insurance premiums, which averaged about 11% per year for the past decade.
- The City's pay-as-you-go (pay-go) approach.
- The increased life expectancy of employees.

The Task Force also concluded that the accrued liability is projected to grow to more than $150 million in the next 15 years. The pay-go cost is projected to grow from $2.5 million in 2010 to $7 million over the next 15 years, an increase of almost 300%. The retiree medical program is affected by the increasing number of retirees relative to active employees. In other words, the growing costs retirees must be spread over a smaller active employee base.

DISCUSSION

To enable the Task Force to discuss and recommend possible solutions, several options to solve the OPEB unfunded liability problem have been identified. The options

identified can roughly be cataloged into two categories: financing strategies and cost containment and rule change efforts.

Financing Strategies

Fund the Plan Actuarially: There are a number of strategies that can be used to pre-fund the OPEB liability, including participating in third-party Trust Funds or creating a single-employer trust. Sources for the trust fund can come from myriad sources and/or strategies, including General Fund monies, employee contributions, and bond sales. The Government Finance Officers Association (GFOA) issued a Best Practice brief in January 2012 that discussed OPEB Trusts. GFOA also issued an advisory in 2007 cautioning against the use of debt to pre-fund OPEB liabilities.

The rationale for pre-funding the OPEB liability is that something is better than nothing and even incremental steps towards pre-funding OPEB obligations can significantly reduce liabilities. In an example provided by State Controller John Chiang, if the State were to pre-fund just 10% of its obligation, it would only need to pay $160 million more than its current pay-as-you-go contribution. However, that additional payment would shave $2.7 billion off of the State's unfunded liability. Pre-funding 25% of the State's obligations would cost the State $400 million more than the pay-as-you-go contribution, but would reduce the total unfunded liability by $6.54 billion.

OPEB Buyouts: Another financing mechanism used with success by the City of Beverly Hills is to "buy out" the benefit. Beverly Hills implemented an elective program that provides eligible employees with an actuarially determined amount which employees have the option of disbursing to several tax advantaged accounts as well as a cash lump sum option, in exchange of their defined benefit. Employees were given nine months to decide whether to opt in to the program, and 58% accepted the exchange feature. This was well above their original estimate of 35% participation. Beverly Hills is projecting a cumulative reduction in unfunded liabilities over 40 years of $91 million. A detailed PowerPoint presentation can be viewed on the Beverly Hills' website at: http://www.beverlyhills.org/government/admin/hr/alternative_retiree_medical_program%28armp%29.asp

Cost Containment and Rule Change Options

Require Employee Contributions: A strategy that the City is already successfully employing with its bargaining units for CalPERS and health premiums could also be utilized to reduce OPEB costs.

Modify Vesting and Eligibility Rules: The City of Alameda recently changed medical and dental eligibility and vesting rules for employees hired after June 7, 2011. Eligibility for spouses was eliminated, and the number of years to vest was standardized for the public safety bargaining units to ten years for all sworn public safety members. The Cities of Dublin and Palo Alto, among others, have undertaken additional modification efforts, including instituting tiered percentage plans based on years of service.

Move to Defined Contribution or Hybrid Plan: Cities can reduce retiree health costs by moving to defined contribution or hybrid medical plans. The hybrid medical plan offered by the federal government is often sited as a plan that cities can model. These types of plans make use of medical or health savings accounts.

Cap the Benefits: With medical costs outstripping general inflation by two or three times each year, many cities are looking to put a dollar ceiling on the benefit and index it to the CPI. This action can yield significant actuarial cost-reducing benefits.

Revise the Retiree Medical Plan: Retiree health costs are higher than active employee health costs, but because retiree health benefits are blended into the same health plan as active employees, retirees medical rates are subsidized by active employees. The cost of this subsidy is captured in OPEB actuarial reports as the "implicit rate subsidy". Many cities have looked to establish alternate medical groups that are separate from active employees, and require retirees to pay the true costs of their health benefits through higher co-pays and deductibles.

League of California Cities
2012 City Manager Pension Sustainability Survey

City	League Regional Division	Has your city adopted a new pension tier?	When did your agency adopt the new pension tier? **MISC**	Indicate your agency's **previous** MISCELLANEOUS (non-safety) formulas below:	Indicate your agency's **new** MISCELLANEOUS (non-safety) formulas below:	When did your agency adopt the new pension tier? **POLICE (Safety)**	Indicate your agency's **previous POLICE (SAFETY)** formulas below:	Indicate your agency's **new POLICE (SAFETY)** formulas below:	When did your agency adopt the new pension tier? **FIRE (Safety)**	Indicate your agency's **previous FIRE (SAFETY)** formulas below:	Indicate your agency's **new** FIRE (SAFETY) formulas below:
Alameda	East Bay	No									
Albany	East Bay	Yes	Jul-11	2.5% @ 55	2% @ 60		3% @ 55	3% @ 55		3% @ 55	3% @ 55
Antioch	East Bay	Yes	Sep-07	2.7% @ 55	2% @ 55						
Berkeley	East Bay	No									
Brentwood	East Bay	Yes	Sep-10	2.7% @ 55	2% @ 60						
Clayton	East Bay	Yes	Jan-11	2% @ 55	2% @ 60	Jan-11	3% @ 55	2% @ 50	N/A		
Danville	East Bay	No									
Dublin	East Bay	No									
El Cerrito	East Bay	No									
Emeryville	East Bay	Yes	Jan-12	2% @ 55	2% @ 60		3% @ 55			3% @ 50	
Fremont	East Bay	Yes	Mar-12	2.5% @ 55	2% @ 60	Mar-12	3% @ 50	3% @ 55	Mar-12	3% @ 50	3% @ 55
Hayward	East Bay	No									
Lafayette	East Bay	No									
Livermore	East Bay	No									
Moraga	East Bay	No									
Newark	East Bay	No									
Oakley	East Bay	Yes	11-Sep	2.5% @ 55	2% @ 60	NA			NA		

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City Council
Exhibit 7 to
Agenda Item #3-A
10-30-12

League of California Cities
2012 City Manager Pension Sustainability Survey

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Orinda	East Bay	No									
Pinole	East Bay	No									
Pittsburg	East Bay	Yes	Jul-11	2% @ 55	2% @ 60	Oct-11	3% @ 50	3% @ 55			
Pleasant Hill	East Bay	Yes	In Process	2% @ 55	2% @ 60	In Process	3% @ 50	3% @ 55			
Pleasanton	East Bay	No									
San Pablo	East Bay	No									
San Ramon	East Bay	No									
Union City	East Bay	Yes	Jul-10	2.5% @ 55	2% @ 60	Jul-10	3% @ 50	3% @ 55			
Walnut Creek	East Bay	Yes	Mar-12	2% @ 55	2% @ 60						
Belvedere	North Bay	No									
Benicia	North Bay	Yes				6/1/2011	3% @ 50	3% @ 55	6/1/2011	3% @ 50	3% @ 55
Calistoga	North Bay	No									
Cotati	North Bay	Yes	7/1/2011	2.7% @ 55	2% @ 60	7/1/2011	3% @ 50	2% @ 50		3% @ 50	
Fairfax	North Bay	Yes	Jul-09	2.5% @ 55	2% @ 55	Jul-11	3% @ 50	3% @ 55	Jul-11	2% @ 55	2% @ 55

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2012 City Manager Pension Sustainability Survey

City	League Regional Division	Has your city adopted a new pension tier?	When did your agency adopt the new pension tier? **MISC**	Indicate your agency's **previous** MISCELLANEOUS (non-safety) formulas below:	Indicate your agency's **new** MISCELLANEOUS (non-safety) formulas below:	When did your agency adopt the new pension tier? **POLICE (Safety)**	Indicate your agency's **previous POLICE (SAFETY)** formulas below:	Indicate your agency's **new POLICE (SAFETY)** formulas below:	When did your agency adopt the new pension tier? **FIRE (Safety)**	Indicate your agency's **previous FIRE (SAFETY)** formulas below:	Indicate your agency's **new** FIRE (SAFETY) formulas below:
Fairfield	North Bay	Yes	in progress	2.7% @ 55	2.5% @ 55				in progress	3% @ 50	3% @ 55
Healdsburg	North Bay	No									
Larkspur	North Bay	Yes	Jan-12	2.5% @ 55	2% @ 55						
Martinez	North Bay	Yes	2/1/2012	2% @ 55	2% @ 60	2/15/2012	3% @ 50	3% @ 55			
Mill Valley	North Bay	Yes	Mar-11	2.5% @ 55	2% @ 55						
Napa	North Bay	Yes				Jan-12	3% @ 50	3% @ 55		3% @ 50	
Novato	North Bay	Yes	Jul-11	2% @ 55	2% @ 55	Jul-11	3% @ 55	3% @ 55	Jul-11		
Rio Vista	North Bay	No									

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City	League Regional Division	Has your city adopted a new pension tier?	When did your agency adopt the new pension tier? **MISC**	Indicate your agency's **previous** MISCELLANEOUS (non-safety) formulas below:	Indicate your agency's **new** MISCELLANEOUS (non-safety) formulas below:	When did your agency adopt the new pension tier? **POLICE (Safety)**	Indicate your agency's **previous POLICE (SAFETY)** formulas below:	Indicate your agency's **new POLICE (SAFETY)** formulas below:	When did your agency adopt the new pension tier? **FIRE (Safety)**	Indicate your agency's **previous FIRE (SAFETY)** formulas below:	Indicate your agency's **new** FIRE (SAFETY) formulas below:
Rohnert Park	North Bay	Yes	Jul-11	2.7% @ 55	2% @ 55	Jan-12	3% @ 50	3% @ 55	Jan-12	3% @ 50	3% @ 55
San Anselmo	North Bay	Yes	7-Feb	2.7% @ 55	2% @ 55	7-Feb	3% @ 50	3% @ 55			
San Rafael	North Bay	Yes	Jul-11	2.7% @ 55	2% @ 55	Jul-11	3% @ 55	3% @ 55	Jul-11	3% @ 55	3% @ 55
Santa Rosa	North Bay	No									
Saratoga	North Bay	Yes	Nov-11	2% @ 55	2% @ 60						
Sebastopol	North Bay	No									
Suisun City	North Bay	No									
Tiburon	North Bay	No									
Vacaville	North Bay	No									
Vallejo	North Bay	Yes								3% @ 50	2% @ 50

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Yountville	North Bay	Yes	Jul-10	2.7% @ 55	2% @ 55						
Belmont	Peninsula	Yes	na	2% @ 55	2% @ 55	Jan-12	3% @ 55	2% @ 55	Jan-12	3% @ 50	2% @ 55
Brisbane	Peninsula	Yes	Jul-08	2.7% @ 55	2% @ 60		3% @ 55	3% @ 55		3% @ 55	3% @ 55
Burlingame	Peninsula	No									
Campbell	Peninsula	Yes	Jan-11	2.5% @ 55	2% @ 60	Aug-10	3% @ 50	2% @ 50		3% @ 50	3% @ 50
Cupertino	Peninsula	No									
Cupertino	Peninsula	No									
Daly City	Peninsula	No									
Foster City	Peninsula	Yes				Jun-11	3% @ 50	2% @ 50	Jun-11	3% @ 50	2% @ 50
Gilroy	Peninsula	Yes				7/1/2010	3% @ 50	2% @ 50	7/1/2010	3% @ 55	2% @ 55
Half Moon Bay	Peninsula	No									
Hillsborough	Peninsula	No									
Milpitas	Peninsula	Yes	May-11	2.7% @ 55	2% @ 60	Dec-11	3% @ 50	3% @ 55	May-11		3% @ 55
Monte Sereno	Peninsula	No									
Morgan Hill	Peninsula	No									
Mountain View	Peninsula	No									
Palo Alto	Peninsula	Yes	Jul-10	2.7% @ 55	2% @ 60				Oct-11	3% @ 50	3% @ 55
Palo Alto	Peninsula	Yes	Jul-10	2.7% @ 55	2% @ 60				Oct-11	3% @ 50	3% @ 55
Portola Valley	Peninsula	No									

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2012 City Manager Pension Sustainability Survey

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San Bruno	Peninsula	No									
San Jose	Peninsula	No									
San Mateo	Peninsula	Yes	Jul-12	2% @ 55	2% @ 55	Aug-12	3% @ 50	3% @ 55	Aug-12	3% @ 50	3% @ 55
Santa Clara	Peninsula	No									
South San Francisco	Peninsula	Yes	Apr-10	2.7% @ 55	2% @ 60	Apr-10	3% @ 50	3% @ 55	Apr-10	3% @ 50	3% @ 55
Sunnyvale	Peninsula	Yes				Jan-12	3% @ 50	3% @ 55	Jan-12	3% @ 50	3% @ 55

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League of California Cities
2012 City Manager Pension Sustainability Survey

City	Has your agency ever negotiated an increase in employee **cost sharing** of pension costs?	When did you adopt the negotiated change to employee contributions?	Indicate the percentage each **FIRE (SAFETY)** employee contributes to the pension system. **Previous FIRE Contribution**	Indicate the percentage each **FIRE (SAFETY)** employee contributes to the pension system. **New FIRE Contribution**	Indicate the percentage each **POLICE (SAFETY)** employee contributes to the pension system. **Previous POLICE Contribution**	Indicate the percentage each **POLICE (SAFETY)** employee contributes to the pension system. **New POLICE Contribution**	Indicate the percentage each **MISC employee** contributes to the pension system. **Previous MISC Contribution**	Indicate the percentage each **MISC employee** contributes to the pension system. **New MISC Contribution**	Please answer the questions below regarding final compensation calculations.	Has your agency negotiated a change to the Final Average Earnings (FAE) formula?
Alameda	Yes		9%	11%	9%	11%	7%	7%	1	No
Albany	Yes		0%	9%	0%	9%	0%	8%	1	Yes
Antioch	Yes				0%	3%	1%	8%	1	No
Berkeley	No								1	No
Brentwood	Yes						0%	8%	1	Yes
Clayton	Yes				0%	9%	0%	7%	1	No
Danville	No								1	No
Dublin	Yes						1%	8%	1	No
El Cerrito	Yes		0%	0%	0%	0%	0%	1%	1	No
Emeryville	Yes		12%		9%		7%	7%	1	Yes
Fremont	Yes		9%	15%	9%		8%	13%	1	Yes
Hayward	Yes		9%	15%	9%	12%	1%	8%	1	No
Lafayette	No								1	No
Livermore	Yes	07/2011; 12/2009; 01/2012			0%		3%	8%	1	No
Moraga	Yes	June 8, 2011 for all but Police which was adopted on July 28, 2010			4%		4%		1	No
Newark	Yes	Jul-99			9%	13%	8%	12%	1	No
Oakley	Yes	Jul-10					0%	2%	1	No

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Orinda	No								1	No
Pinole	Yes	Effective 07/01/2011	3%	14%	3%	14%	2%	11%	1	No
Pittsburg	Yes				0%	2%	0%	7%	1	Yes
Pleasant Hill	Yes				0%	4%	0%	4%	1	Yes
Pleasanton	Yes		0%		0%		0%	4%	1	No
San Pablo	Yes				3%	9%	3%	7%	1	No
San Ramon	Yes				0%	1%	1%	2%	1	No
Union City	Yes				0%	1%	3%	7%	1	Yes
Walnut Creek	Yes						1%	7%	1	Yes
Belvedere	No								1	No
Benicia	Yes		9%		9%	14%			1	No
Calistoga	Yes	10/10/2011	0%	9%	0%	9%	0%	8%	1	Yes
Cotati	Yes				0%	3%	0%	3%	1	No
Fairfax	Yes		0%	3%	0%	3%	0%	3%	1	No

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League of California Cities
2012 City Manager Pension Sustainability Survey

City	Has your agency ever negotiated an increase in employee **cost sharing** of pension costs?	When did you adopt the negotiated change to employee contributions?	Indicate the percentage each **FIRE (SAFETY)** employee contributes to the pension system. **Previous FIRE Contribution**	Indicate the percentage each **FIRE (SAFETY)** employee contributes to the pension system. **New FIRE Contribution**	Indicate the percentage each **POLICE (SAFETY)** employee contributes to the pension system. **Previous POLICE Contribution**	Indicate the percentage each **POLICE (SAFETY)** employee contributes to the pension system. **New POLICE Contribution**	Indicate the percentage each **MISC employee** contributes to the pension system. **Previous MISC Contribution**	Indicate the percentage each **MISC employee** contributes to the pension system. **New MISC Contribution**	Please answer the questions below regarding final compensation calculations.	Has your agency negotiated a change to the Final Average Earnings (FAE) formula?
Fairfield	Yes	Varied by bargaining unit. Also note that Fire and Police contribute 2.25%. MISC unit contributions range from 4.5% - 5.2%	2%		2%		5%		1	Yes
Healdsburg	Yes	May-10	2%	0%	2%	7%	6%	8%	1	No
Larkspur	Yes	Effective 12/31/12	0%	9%			1%	8%	1	Yes
Martinez	Yes				0%	4%	0%	3%	1	Yes
Mill Valley	Yes				0%	3%	0%	3%	1	Yes
Napa	Yes		11%	14%	11%		10%		1	Yes
Novato	No								1	Yes
Rio Vista	Yes	May 1, 2009 - Fire, Fire only union to agree to pick up share of PERS	0%	9%	0%	0%	0%	0%	1	No

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Rohnert Park	Yes	07/2011 for all but public safety management, PSM on 01/2012	0%	9%	0%	9%	1%	8%	1	Yes
San Anselmo	Yes					3%		3%	1	No
San Rafael	Yes		0%	11%	0%	11%	0%	11%	1	Yes
Santa Rosa	Yes	7/1/2011	0%	5%	0%	0%	8%	8%	1	Yes
Saratoga	Yes	full 7% employee portion is paid by all employees as of 11/2011					7%		1	Yes
Sebastopol	Yes		0%	0%	0%	8%	0%	7%	1	No
Suisun City	Yes	2002 for public safety. We are in negotiations now with all groups.	0%		0%	4%	0%		1	No
Tiburon	Yes				0%	9%	0%	7%	1	No
Vacaville	Yes	2/1/2011	12%	15%	9%		9%	15%	1	Yes
Vallejo	Yes		9%	13%	9%		8%	9%	1	No

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Yountville	No								1	No
Belmont	Yes		9%	9%	9%	12%	7%	9%	1	Yes
Brisbane	Yes	8-Jul	8%		8%		7%	8%	1	Yes
Burlingame	Yes		9%		9%		8%	10%	1	Yes
Campbell	No								1	No
Cupertino	Yes	7/1/2010					0%	2%	1	No
Cupertino	Yes	May-07					0%	2%	1	No
Daly City	Yes		9%		9%		8%		1	Yes
Foster City	No								1	No
Gilroy	Yes		0%	9%	0%	8%	8%	8%	1	Yes
Half Moon Bay	Yes						0%	2%	1	No
Hillsborough	Yes		9%		9%	10%	8%		1	No
Milpitas	Yes		9%	15%	9%	9%	8%	15%	1	Yes
Monte Sereno	No								1	Yes
Morgan Hill	Yes	always been that way							1	No
Mountain View	Yes	Jul-03	9%	15%	9%	13%	8%	11%	1	No
Palo Alto	Yes	7/17/10; 10/2011	0%	9%	0%		0%	6%	1	No
Palo Alto	Yes		0%	9%			2%	6%	1	Yes
Portola Valley	No								1	No

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San Bruno	Yes	Yes, but subsequently negotiated away.	9%		9%		8%		1	No
San Jose	No								1	No
San Mateo	Yes	Jul-11	9%	15%	0%		0%	7%	1	Yes
Santa Clara	No								1	No
South San Francisco	No								1	Yes
Sunnyvale	Yes	Varies by bargaining group; not all groups have increased. Occurred during 2010 & 2011	0%	3%	0%	3%	1%	3%	1	No

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League of California Cities
2012 City Manager Pension Sustainability Survey

City	Indicate your agency's Final Average Earnings formulas for **FIRE (SAFETY)** below. **Previous FIRE Final Average Earnings**	Indicate your agency's Final Average Earnings formulas for **FIRE (SAFETY)** below. **New FIRE Final Average Earnings**	Please indicate your agency's Final Average Earnings formulas for **POLICE (SAFETY)** below. **Previous POLICE Final Average Earning**	Please indicate your agency's Final Average Earnings formulas for **POLICE (SAFETY)** below. **New POLICE Final Average Earnings**	Please indicate your agency's Final Average Earnings formulas for **MISC employees** below. **Previous MISC Final Average Earnings**	Please indicate your agency's Final Average Earnings formulas for **MISC employees** below. New **MISC Final Average Earnings**	Has your agency made any other pension changes as a result of negotiations (ex: COLA % change).
Alameda							None at present
Albany	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Ave 3 Highest	Ave 3 Highest	
Antioch							
Berkeley							
Brentwood					Highest 1 Year	Ave 3 Highest	Cola change
Clayton							
Danville							
Dublin							
El Cerrito							No
Emeryville	Highest 1 Year		Highest 1 Year		Highest 1 Year	Ave 3 Highest	
Fremont	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	MISC. Employees COLA reduced from 3% to 2% for new hires.
Hayward							
Lafayette							We do not have a pension plan or participate in PERS.
Livermore							
Moraga							
Newark							N/A
Oakley							

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League of California Cities
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Orinda							
Pinole							
Pittsburg			Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Yes, both Police Safety and Miscellaneous were at 3% COLA; new hires are at the standard 2% COLA
Pleasant Hill			Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	No
Pleasanton							
San Pablo							
San Ramon							Pre-retirement survivor benefit
Union City			Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	
Walnut Creek					Highest 1 Year	Ave 3 Highest	
Belvedere							Exchange of COLA for employee pickup of employee share - hold harmless.
Benicia							No
Calistoga	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	
Cotati							
Fairfax							

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Fairfield	Highest 1 Year	Ave 3 Highest			Highest 1 Year	Ave 3 Highest	No changes to COLA as a result of pension changes
Healdsburg							
Larkspur	Highest 1 Year	Ave 3 Highest			Highest 1 Year	Ave 3 Highest	EPMC as compensable earnings eliminated
Martinez			Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	gave the units a 2% COLA adjustment in year four of a four year contract
Mill Valley					Highest 1 Year	Ave 3 Highest	
Napa	Highest 1 Year	Ave 3 Highest					
Novato			Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Yes, moved from employee share paid by employee of 0% to 2% of the 7% or 9%(police)
Rio Vista							No.

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Rohnert Park	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Highest 1 Year	01/2007 reduced maximum COLA from 5% to 2%
San Anselmo							
San Rafael	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	COLA from 3% to 2%.
Santa Rosa							N/A
Saratoga					Highest 1 Year	Ave 3 Highest	
Sebastopol							
Suisun City							No.
Tiburon							
Vacaville			Highest 1 Year	Ave 3 Highest			Currently have re-opener with all groups to discuss tiering. Most groups are paying ee share plus some er share (over 15% total).
Vallejo							

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Yountville							Change in eligibility requirements for retiree medical coverage.
Belmont	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Highest 1 Year	
Brisbane	Highest 1 Year	Highest 1 Year	Highest 1 Year	Highest 1 Year	Highest 1 Year	Ave 3 Highest	
Burlingame	Highest 1 Year		Highest 1 Year		Highest 1 Year	Ave 3 Highest	
Campbell							
Cupertino							No
Cupertino							
Daly City	Highest 1 Year		Highest 1 Year		Highest 1 Year	Ave 3 Highest	COLA changes from 3% to 2% for Misc Employees
Foster City							
Gilroy	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest			
Half Moon Bay							
Hillsborough							
Milpitas	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	
Monte Sereno	Ave 3 Highest		Ave 3 Highest		Ave 3 Highest		
Morgan Hill							
Mountain View							
Palo Alto							no
Palo Alto	Highest 1 Year	Ave 3 Highest					
Portola Valley							

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San Bruno							
San Jose							We are currently pursuing retirement reform with a ballot measure in June 2012, that if approved, would make
San Mateo	Highest 1 Year	Ave 3 Highest			Highest 1 Year	Ave 3 Highest	Safety Management & Fire Unit will be paying up to 9% of the employer pension rate
Santa Clara							
South San Francisco	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	Highest 1 Year	Ave 3 Highest	
Sunnyvale							No

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