



Update on Long-Term Post-Employment Liabilities

City Council Presentation

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September 13, 2016

Presentation Agenda

1. **Overview**
2. **Steps Taken to Address Personnel Liabilities**
3. **Update on Post-Employment Liabilities**
4. **Timeline for Paying off Unfunded Liabilities**
5. **Summary**

Overview

- **Update to January 2014 Presentation**
- **Definitions**
- **Benefit Liabilities:**
 - California Public Employees' Retirement System (CalPERS)
 - Retiree Medical (OPEB)
 - City of Concord Retirement System (CCRS) – closed pension plan
- **Component of Council's focus on Long-Term Fiscal Stability**

Steps Taken to Address Long-Term Personnel Costs

- **Utilize 10-Year Financial Forecast**
- **Established OPEB Trust – 2007-08**
 - Set aside \$17.5 Million over 3 years
- **Cost Sharing of Medical Premiums in 2010**
 - Reduced liability \$12.0 Million
- **Pension Reform for Miscellaneous**
 - Established 2nd tier – November 29, 2010

Steps Taken to Address Long-Term Personnel Costs

- **California Public Employees' Pension Reform Act of 2013 (PEPRA)**
 - Lowers pension benefits for new employees hired January 1, 2013 and later
- **Post-employment benefit reform for Elected Officials - 2014**
 - Essentially eliminates pension and retiree medical
- **Fiscal Sustainability Ordinance - 2014**
 - Prioritizes use of one-time monies towards unfunded liabilities
 - Fully funded Annual Recommended Contributions (ARC) for the last three fiscal years

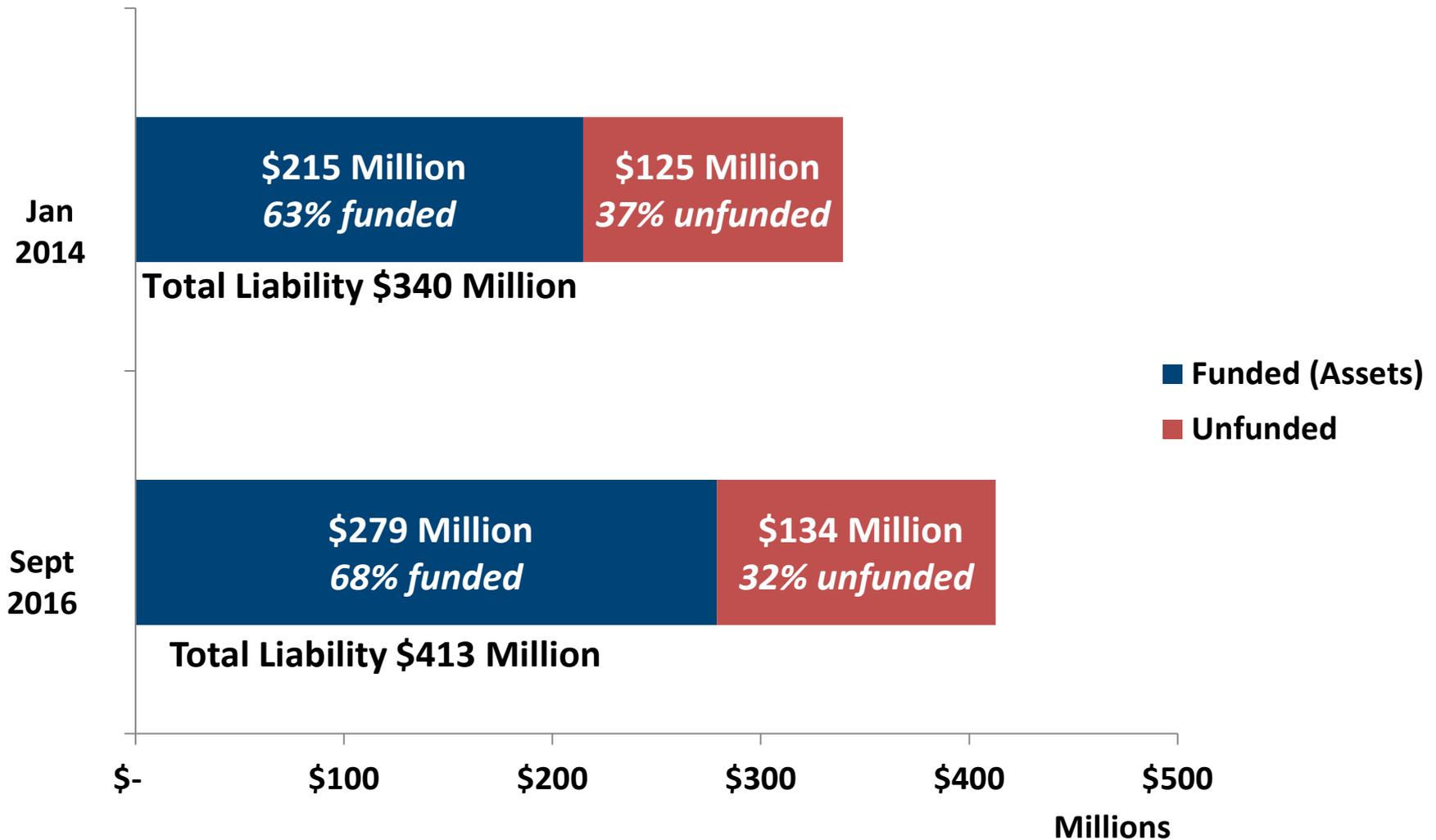
Steps Taken to Address Long-Term Personnel Costs

- **Budget for Full Funding of ARC for City of Concord Retirement System (CCRS) – 2014-15**
- **Full funding of Annual Recommended Contributions incorporated into annual budget and 10-Year Forecast**
 - CalPERS
 - OPEB (Retiree Medical)
 - CCRS
- **Retiree medical reform - 2016**
 - Reduced City's unfunded liabilities \$16 Million
 - Reduced City's annual costs \$2.2 Million

California Public Employees' Retirement System (CalPERS)

CalPERS - Pensions

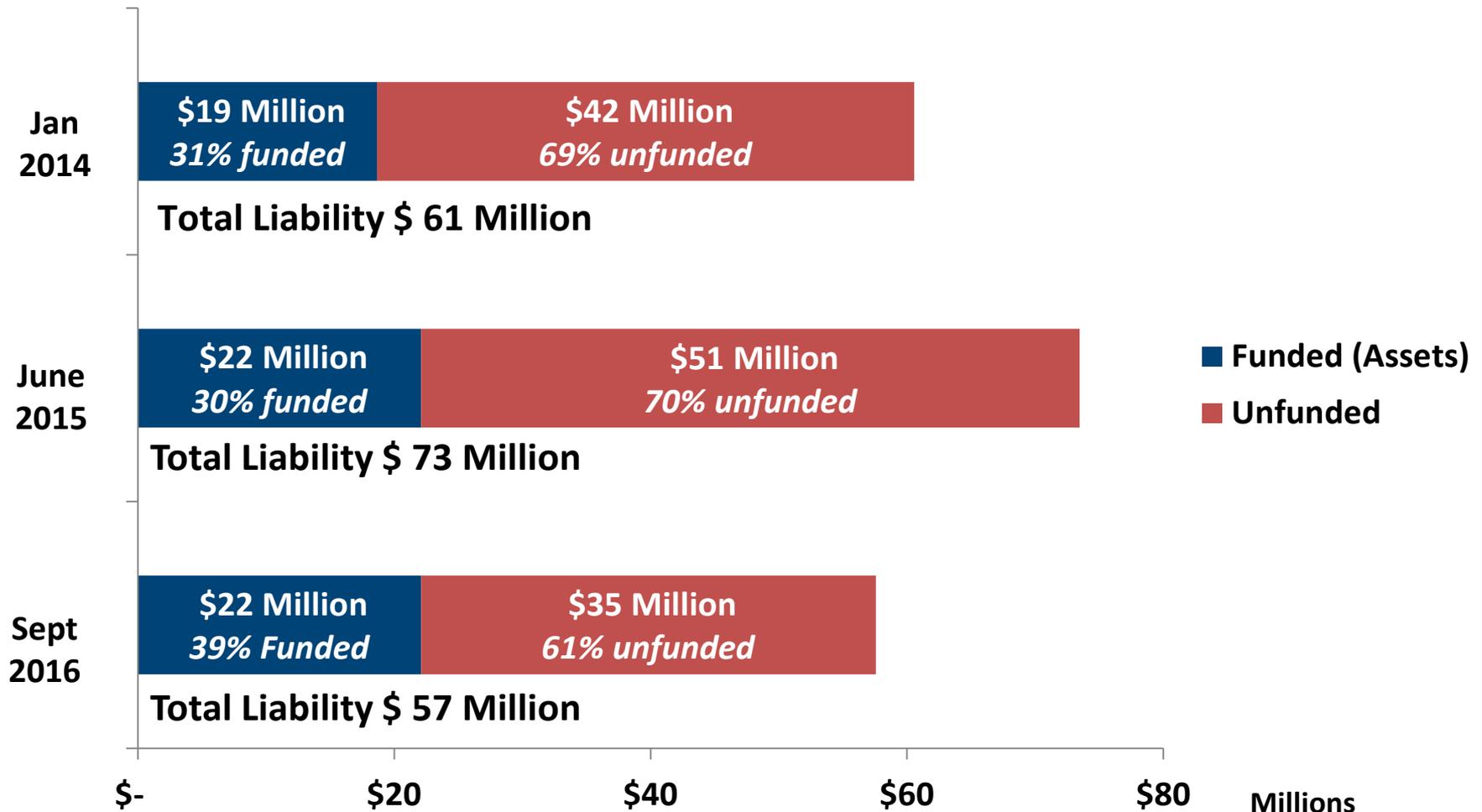
- Reasonably well funded at 68% (best practice 75-80% funded)



Retiree Medical Benefits

Retiree Medical

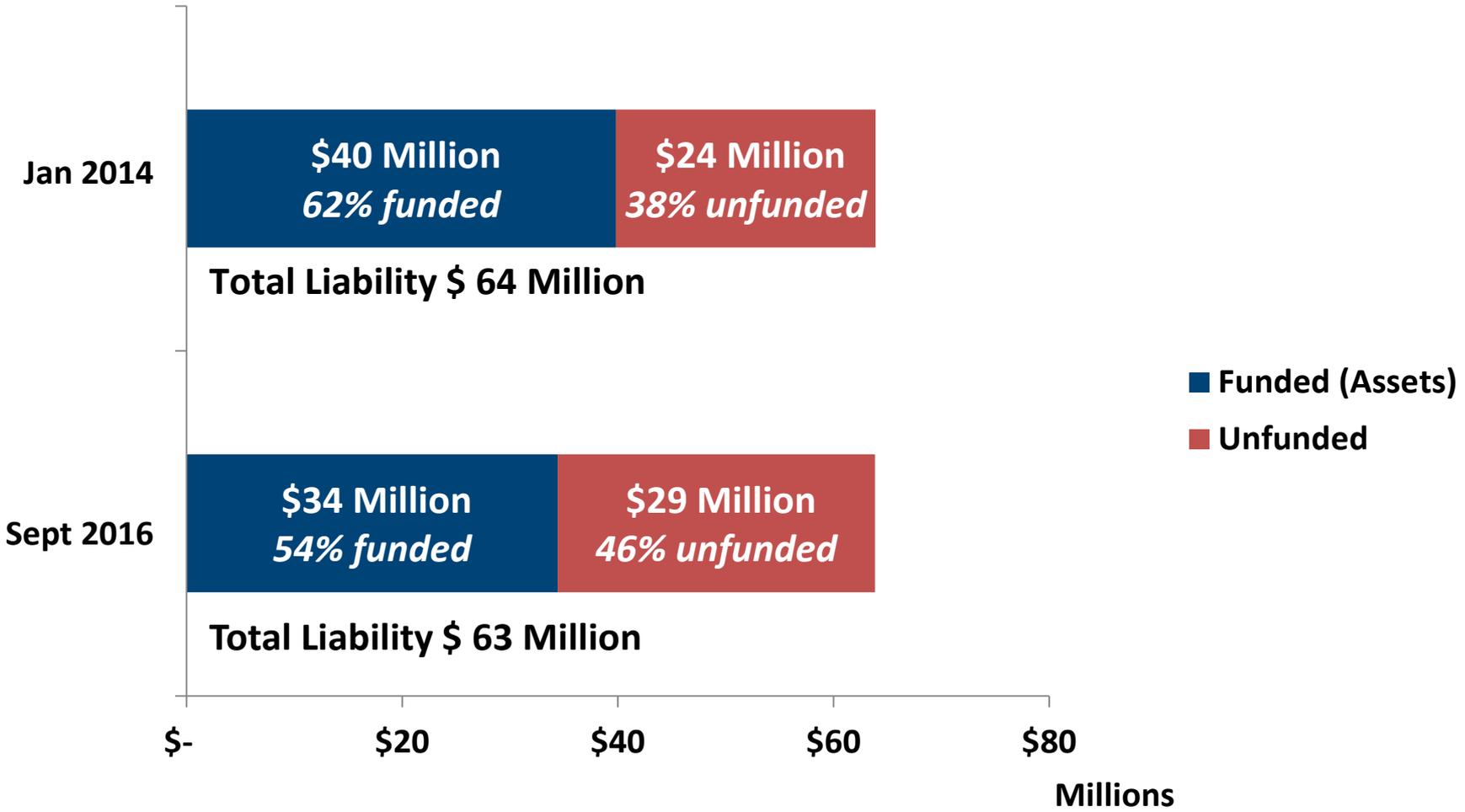
- Currently funded at 39% (best practice 75-80% funded)



City of Concord Retirement System (CCRS)

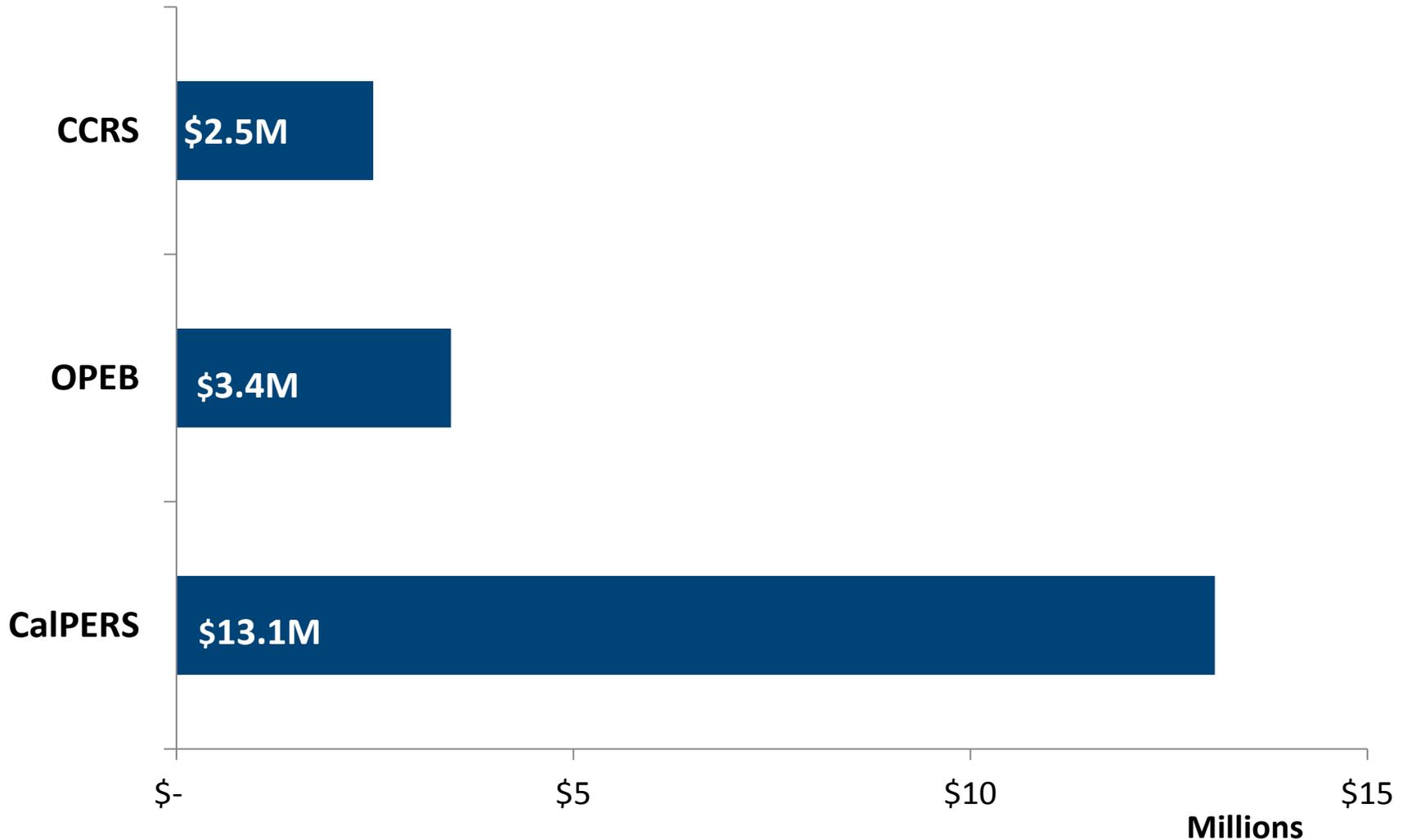
City of Concord Retirement System (CCRS)

- Currently funded at 54% (target 90% funded)

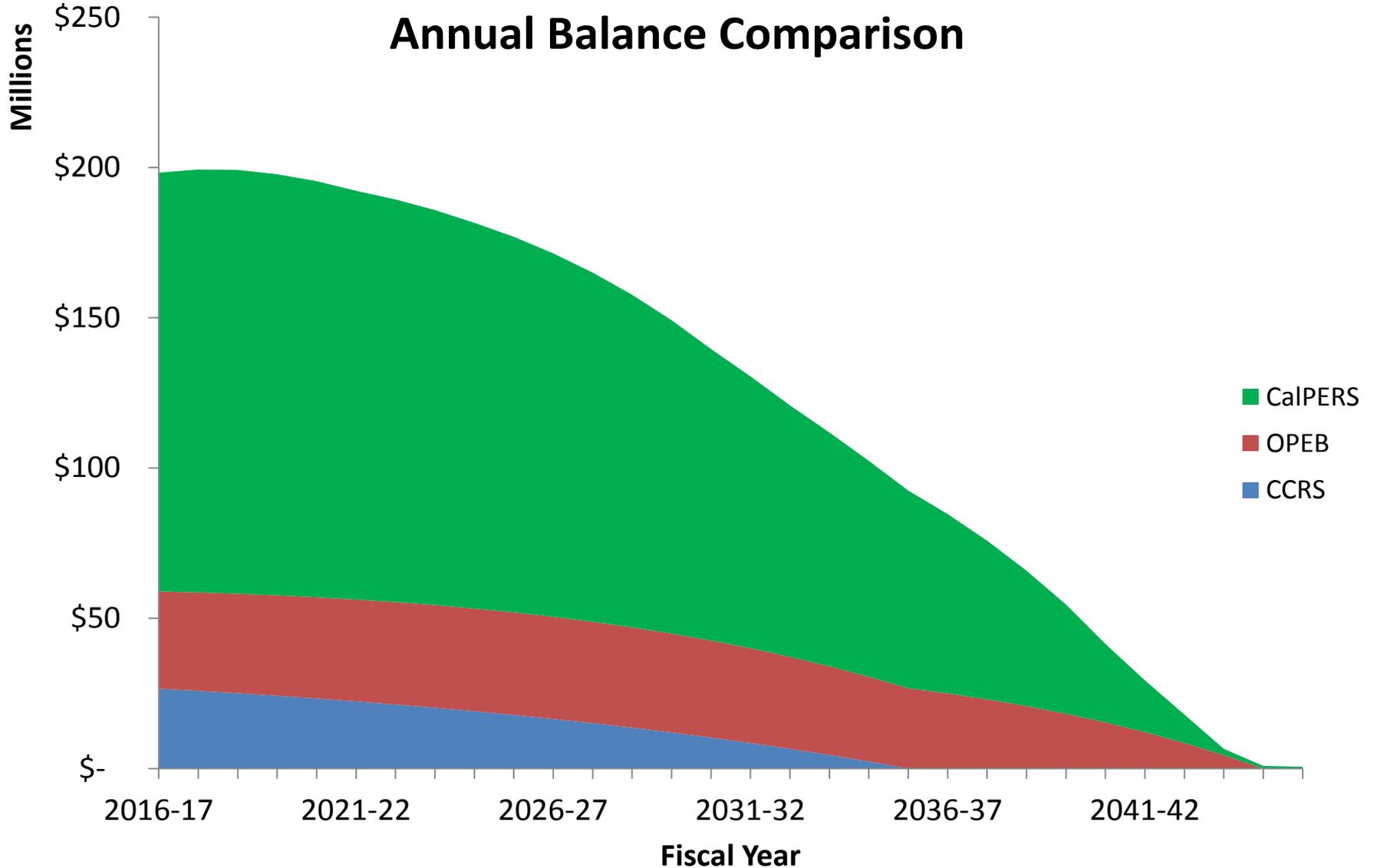


All Post Employment Benefits-ARC

Total annual cost to fully fund post-employment benefits is \$19 M – FY2016-17



Unfunded Liabilities



Summary

- **Marathon, not a sprint**
- **Requires Continued Focus From Council, the City Organization & Community on:**
 - ❖ **The Challenge**
 - ❖ **Balancing Competing Needs & Limited Resources**
 - ❖ **Enhancing the Economic Vitality of the Community**
 - ❖ **Enhancing the Efficiency of the Organization**
 - ❖ **Controlling Costs within the Organization**

Summary

- **Council Accomplishments that have put the City on the right path:**
 - **Proactively address Pension Reform**
 - **Retiree Medical Reform**
 - **Budget full costs of personnel liabilities in annual budget and 10-Year Forecast**
 - **Utilize Fiscal Sustainability Ordinance to set aside funds towards unfunded liabilities**
 - **Consistent focus on addressing long-term liabilities**

Questions?

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