



**B**ARTEL  
ASSOCIATES, LLC

**CITY OF SANTA ROSA  
MANAGEMENT AND CONFIDENTIAL AGREEMENTS**

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CalPERS Actuarial Issues – 6/30/11 Valuation  
Preliminary Results

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## Agenda

<u>Topic</u>	<u>Page</u>
Management and Confidential Agreements	1
Assumptions	5
Payroll and CalPERS Contribution Projections	
Status Quo	7
Management and Confidential New Agreements	9
Summary	11



# Management and Confidential Agreements

	Status Quo	New Agreement
<b>Unit 10 – Executive Managers</b>		
<ul style="list-style-type: none"> <li>■ EE CalPERS Contributions<sup>1</sup> <ul style="list-style-type: none"> <li>● Tier 1</li> <li>● Tier 2</li> <li>● Tier 3 PEPPRA</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>8% + 2% Cost Sharing</li> <li>8% + 2% Cost Sharing</li> <li>6.25% + 2% Cost Sharing</li> </ul>	<ul style="list-style-type: none"> <li>8% + 2% Cost Sharing</li> <li>8% + 2% Cost Sharing</li> <li>6.25% + 2% Cost Sharing</li> </ul>
<ul style="list-style-type: none"> <li>■ Pay Increases Effective 7/1/2014</li> </ul>	<ul style="list-style-type: none"> <li>1% assumed for step increases</li> </ul>	<ul style="list-style-type: none"> <li>1% assumed for step increases</li> </ul>
<ul style="list-style-type: none"> <li>■ Retiree Health Savings Account (RHS)</li> </ul>	<ul style="list-style-type: none"> <li>0%</li> </ul>	<ul style="list-style-type: none"> <li>0%</li> </ul>

<sup>1</sup> Safety executive managers pay 9% member contribution.



## Management and Confidential Agreements

	Status Quo	New Agreement
<b>Unit 11 – Confidential Mid Management &amp; Unit 12 - Confidential</b>		
<ul style="list-style-type: none"> <li>■ EE CalPERS Contributions               <ul style="list-style-type: none"> <li>● Tier 1</li> <li>● Tier 2</li> <li>● Tier 3 PEPRRA</li> </ul> </li> </ul>	<p>8%</p> <p>8%</p> <p>6.25%</p>	<p>Effective 7/1/2014</p> <p>8% + 1.5% Cost Sharing</p> <p>8% + 1.5% Cost Sharing</p> <p>6.25% + 1.5% Cost Sharing</p>
<ul style="list-style-type: none"> <li>■ Pay Increases Effective 7/1/2014</li> </ul>	<p>1% assumed for step increases</p>	<p>1% assumed for step increases + 2% = 3%</p>
<ul style="list-style-type: none"> <li>■ Retiree Health Savings Account (RHS)</li> </ul>	<p>Unit 11: 0.5% City Paid</p> <p>Unit 12: None</p>	<p>Unit 11: 0.5% EE Paid, effective 7/1/2014</p> <p>Unit 12: None</p>

## Management and Confidential Agreements

	Status Quo	New Agreement
<b>Unit 18 - Mid Managers</b>		
<ul style="list-style-type: none"> <li>■ EE CalPERS Contributions               <ul style="list-style-type: none"> <li>● Tier 1</li> <li>● Tier 2</li> <li>● Tier 3 PEPRRA</li> </ul> </li> </ul>	<p>8%</p> <p>8%</p> <p>6.25%</p>	<p>Effective 7/1/2014</p> <p>8% + 1.5% Cost Sharing</p> <p>8% + 1.5% Cost Sharing</p> <p>6.25% + 1.5% Cost Sharing</p>
<ul style="list-style-type: none"> <li>■ Pay Increases Effective 7/1/2014</li> </ul>	<p>1% assumed for step increases</p>	<p>1% assumed for step increases + 2% = 3%</p>
<ul style="list-style-type: none"> <li>■ Retiree Health Savings Account (RHS)</li> </ul>	<p>0.5% City Paid</p>	<p>0.5% EE Paid, effective 7/1/2014</p>

## Management and Confidential Agreements

<b>2013/14 Payroll Provided by City</b>		
	<b>Headcount (FTE)</b>	<b>Payroll</b>
<b>Unit 10 – Executive Managers</b>		
■ Tier 1	12	\$1,998,374
■ Tier 2	0	0
■ Tier 3 PEPRA	1	153,960
<b>Unit 11 – Confidential Mid Management &amp; Unit 12 - Confidential</b>		
■ Tier 1	34	\$2,545,042
■ Tier 2	0	0
■ Tier 3 PEPRA	0	0
<b>Unit 18 - Mid Managers</b>		
■ Tier 1	111	\$10,548,572
■ Tier 2	6	541,956
■ Tier 3 PEPRA	13	1,008,120



## Assumptions

### ■ Market Value Investment Return:

- June 30, 2012 0.1%<sup>2</sup>
- June 30, 2013 12.5%<sup>3</sup>
- June 30, 2014 - 2017 Expected Investment Return: **7.50%**

### ■ Payroll

- 2013/14 provided by the City:
  - Unit 10 - \$2,152,334
  - Unit 11 and Unit 12 - \$2,545,042
  - Unit 18 - \$12,098,648
- 1% annual aggregate payroll growth

### ■ Constant headcounts

- Turnover, retirement and disability assumptions same as CalPERS 97-07 experience study

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<sup>2</sup> Based on CalPERS CAFR.

<sup>3</sup> Based on CalPERS press release.



# Assumptions

- New hire assumptions:
  - 50% of 2013 new hires will be Classic Tier 2 Members (2.5%@55) and 50% will be New Members with PEPRA benefits.
  - Classic Members will decrease from 50% to 0% of new hires over 20 years.
  
- Projections:
  - Include CalPERS newly adopted direct rate smoothing method
  - Do not include anticipated mortality and discount rate assumption changes
    - If included would result in slight higher projected savings
  - Do not include impact of other compensation related items
  - Exclude POB debt services
    - Has no impact on savings



## Status Quo (000's)

Year	Payroll			
	Unit 10	Unit 11 & 12	Unit 18	Total
2013/14	\$2,152	\$2,545	\$12,099	\$16,796
2014/15	2,174	2,570	12,220	16,964
2015/16	2,196	2,596	12,342	17,134
2016/17	2,218	2,622	12,465	17,305
2017/18	2,240	2,648	12,590	17,478
2018/19	2,262	2,675	12,716	17,653
2019/20	2,285	2,702	12,843	17,829
2020/21	2,308	2,729	12,971	18,008
2021/22	2,331	2,756	13,101	18,188
2022/23	2,354	2,783	13,232	18,370
2023/24	2,378	2,811	13,364	18,553



## Status Quo (000's)

Year	City Paid				
	Payroll	CalPERS		RHS	Total
		City	EE Cost Sharing		
2013/14	\$16,796	\$2,858	\$(43)	\$68	\$19,679
2014/15	16,964	3,116	(43)	68	20,105
2015/16	17,134	3,331	(44)	69	20,490
2016/17	17,305	3,550	(44)	70	20,881
2017/18	17,478	3,781	(45)	70	21,285
2018/19	17,653	3,989	(45)	71	21,668
2019/20	17,829	4,198	(46)	72	22,054
2020/21	18,008	4,200	(46)	73	22,234
2021/22	18,188	4,201	(47)	73	22,416
2022/23	18,370	4,199	(47)	74	22,596
2023/24	18,553	4,201	(48)	75	22,781



## Management and Confidential New Agreements (000's)

Year	Payroll			
	Unit 10	Unit 11 & 12	Unit 18	Total
2013/14	\$2,152	\$2,545	\$12,099	\$16,796
2014/15	2,174	2,621	12,462	17,257
2015/16	2,196	2,648	12,586	17,429
2016/17	2,218	2,674	12,712	17,604
2017/18	2,240	2,701	12,839	17,780
2018/19	2,262	2,728	12,968	17,958
2019/20	2,285	2,755	13,097	18,137
2020/21	2,308	2,783	13,228	18,319
2021/22	2,331	2,810	13,361	18,502
2022/23	2,354	2,839	13,494	18,687
2023/24	2,378	2,867	13,629	18,874



## Management and Confidential New Agreements (000's)

Year	City Paid				
	Payroll	CalPERS		RHS	Total
		City	EE Cost Sharing		
2013/14	\$16,796	\$2,858	\$(43)	\$68	\$19,679
2014/15	17,257	3,170	(270)	0	20,157
2015/16	17,429	3,389	(272)	0	20,546
2016/17	17,604	3,612	(275)	0	20,940
2017/18	17,780	3,847	(278)	0	21,349
2018/19	17,958	4,058	(281)	0	21,735
2019/20	18,137	4,271	(283)	0	22,124
2020/21	18,319	4,273	(286)	0	22,305
2021/22	18,502	4,274	(289)	0	22,486
2022/23	18,687	4,272	(292)	0	22,666
2023/24	18,874	4,273	(295)	0	22,852



## Summary (000's)

Year	Status Quo	New Agreements	Estimated Savings / (Costs)
2013/14	\$19,679	\$19,679	\$0
2014/15 <sup>4</sup>	20,105	20,157	(52)
2015/16	20,490	20,546	(56)
2016/17	20,881	20,940	(60)
2017/18	21,285	21,349	(64)
2018/19	21,668	21,735	(67)
2019/20	22,054	22,124	(71)
2020/21	22,234	22,305	(71)
2021/22	22,416	22,486	(71)
2022/23	22,596	22,666	(71)
2023/24	22,781	22,852	(71)

<sup>4</sup> New agreements expire 2015 except Unit 10 ends 2014.

