



Staff Report

Date: August 2, 2016

To: City Council

From: Valerie J. Barone, City Manager

Prepared by: Jovan Grogan, Deputy City Manager
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 (925) 671-3150

Subject: **Considering adoption of Resolution No. 16-57 providing vesting for fixed City contribution amounts for retiree health care benefits for current eligible City retirees; and Resolution No. 16-67 providing vesting for fixed City contribution amounts for retiree health care benefits for eligible current unrepresented employees upon retirement directly from the City**

Report in Brief

The attached Resolution No. 16-67 will vest the City's fixed City contribution amounts for retiree health care benefits for eligible unrepresented current employees. Specifically, this action applies to current unrepresented employees, who were City employees before June 28, 2016 and are otherwise eligible for Concord's reformed retiree medical benefits. This includes any employee who received a conditional job offer (approved by the Human Resources Director) from the City dated before June 28, 2016 and is eligible for the reformed benefit upon retirement. Employees represented by the Teamsters and Local 29 received vesting of fixed retiree health care premium amounts through recently approved bargaining agreements. Sworn employees will have the fixed premium amounts for retiree health care benefits vested through the agreements with the Police Association and Police Managers Association before Council on August 2nd. Unrepresented employees are the only employee group that does not have the fixed premium amount of the reformed retiree health benefit vested through a bargaining agreement. Resolution 16-67 will be the vesting document.

During this process of reforming the retiree health benefits to provide long term sustainability to the program, a number of retired employees have asked the City Council to vest the reformed benefit so there is surety for them into the future. The

City Council Agenda Report

Considering adopting Resolution Nos. 16-57 and 16-67 providing fixed and vested City contribution amounts for Retiree Health Care Benefits for all City retirees and current Unrepresented Employees

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attached Resolution No. 16-57 vests the fixed premium amounts incorporated into the reformed benefit. This action applies to all retirees, who retired directly from the City prior to August 2, 2016 and are otherwise eligible for Concord's retiree medical benefits. This action also applies to retirees who:

- retired directly from the City prior to August 2, 2016;
- are currently eligible for Concord's retiree medical benefits; and
- reinstate from retirement to full-time employment at the City of Concord.

Recommended Action

Adopt Resolution No. 16-57 which provides vesting for fixed City contribution amounts for retiree health care benefits for current eligible City retirees; and Resolution No. 16-67 which provides vesting for fixed City contribution amounts for retiree health care benefits for eligible current unrepresented employees upon retirement directly from the City.

Background

For the past year, the City has been engaged in collective bargaining with all of its employee organizations over terms and conditions of employment. The City's primary goals in negotiations in regards to retiree health benefits has been to reform the benefits to levels that: 1) are affordable and sustainable over the long-term; 2) align with reform trends in the public sector labor market; 3) control growing unfunded retiree health benefit liabilities; and 4) allow the City to make strategic investments in vital community services, infrastructure, and employee wages.

The City of Concord has been successful through labor negotiations in reforming the City's retiree health benefit program to achieve these goals. Specifically, Council approved a labor agreement with the Teamsters and a pay and compensation policy affecting unrepresented employees on June 28th that implemented the reformed retiree health care program. Similarly, Council approved a labor agreement with Local 29 on July 12 that implements the reformed retiree health care program. Lastly, Council will be considering approval of labor agreements with the Police Association and the Police Managers' Association on August 2 that also reform the retiree health care program.

In each of these labor agreements, the City Council vested the City's maximum contribution to the monthly health care premium for eligible employees at the reformed amounts. The only group of current employees that did not receive a vested retiree health benefit are the City's unrepresented employees. Resolution No. 16-67 addresses this group of current employees and would similarly vest the reformed maximum monthly contribution towards retiree health premiums for eligible unrepresented employees.

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Running parallel to labor negotiations, City staff met with current retirees who requested that Council vest the fixed monthly contribution contained within the reformed benefit for them. Upon retirement, retirees are not represented by the employee organization that formerly represented them as employees. Currently, the City's retiree health benefit premium contributions are not vested for retired employees. Resolution No. 16-57 vests for all current retirees the reformed benefit which sets a maximum City monthly contribution at a fixed, flat dollar amount depending on level and type of coverage. If the City adopts this resolution, the contribution amount could not be decreased in the future unless the retiree changes coverage levels (e.g. become Medicare eligible or changes dependent coverage level). Therefore the resolution provides stability and predictability for retirees.

Resolution Nos. 16-57 and 16-67 describe the reformed health care benefit and vest the City's contribution toward retiree health benefit plan premiums as a fixed, flat dollar amount.

Resolution No. 16-57 applies to all current retirees who retired directly from the City prior to August 2, 2016 and were eligible for the benefit and those who retired directly from the City prior to August 2, 2016 and were eligible for the benefit but reinstate from retirement to full-time employment at the City of Concord. In such an instance the employee remains vested in the fixed monthly premium amount upon future retirement, irrespective of the number of post-reinstatement years of service with the City.

Resolution No. 16-67 applies to current eligible unrepresented employees who were employed in full-time capacity by the City prior to June 28, 2016 upon retirement, and any eligible employee who received a conditional job offer, that was approved by the Human Resources Director, from the City dated prior to June 28, 2016.

The fixed dollar maximum monthly contributions towards the reformed benefit described in Resolution Nos. 16-57 and 16-67 are as follows:

Plan Type – Basic Plan (Pre-Medicare)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Single Party Only	\$671.82	\$8,061.84
Two-Party	\$1,343.65	\$16,123.80
Family	\$1,746.74	\$20,960.88
Plan Type – Supplemental Medicare Plan Type (Retiree and dependent(s) are all Medicare eligible)		

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<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Single Party Only	\$287.52	\$3,450.24
Two-Party	\$575.05	\$6,900.48
Family	\$862.56	\$10,350.72
Plan Type – Combination Plan Type 1 Option (Retiree is Medicare eligible but dependent(s) are not Medicare eligible)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Medicare Retiree + Basic Dependent	\$937.30	\$11,247.60
Medicare Retiree + 2 or more Basic Dependents	\$1,321.01	\$15,852.12
Medicare Retiree + 1 Medicare Dependent + 1 or more Basic Dependent(s)	\$974.16	\$11,689.92
Plan Type – Combination Plan Type Option 2 (Retiree is not Medicare eligible, but one or more dependent(s) are Medicare eligible)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Basic Retiree + 1 Medicare Dependent	\$937.30	\$11,247.60
Basic Retiree + 2 or more Medicare Dependents	\$1,235.10	\$14,821.20
Basic Retiree + 1 Basic Dependent + 1 or more Medicare Dependent(s)	\$1,321.01	\$15,852.12

The contribution of retirees towards their retiree health premium will vary based on future changes to the health benefit plan premiums and the plan type selected. Additionally, actual premium amounts may be less than the fixed contribution amounts listed in the table above. In the event that a retiree's health benefit plan premium is less than the maximum amount listed in the table above, the City's contribution will be the actual premium amount. In all cases, the City's contribution will be the lesser of either the actual premium or the monthly contribution amount set forth above.

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Considering adopting Resolution Nos. 16-57 and 16-67 providing fixed and vested City contribution amounts for Retiree Health Care Benefits for all City retirees and current Unrepresented Employees

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The only component of the reformed retiree health care program that is vested for all current retirees (Resolution No. 16-57) and for the eligible unrepresented employees (Resolution No. 16-67) is the City's monthly contribution. The method by which the City provides its contribution (e.g., proportion of the direct and indirect contribution), the availability and selection of health plans, plan designs, plan provider, or other components of health benefits plans are not vested and are subject to change and modification.

Analysis

The actuarial analysis provided by Bartel Associates during a meeting of the City Council on June 7, 2016, shows savings for the City in future costs due to the retiree health care program reform. Bartel Associates analyzed the actuarial impact of the changes by employee group.

Under the reformed retiree medical benefits plan, the impact on the City's Actuarial Accrued Liability¹ (AAL) as of June 30, 2015 is as follows:

Actuarial Accrued Liability, June 30, 2015, Current Employees & Retirees

Group	Current Plan	Reformed Benefit	Savings
International Brotherhood of Teamsters Local Union No. 856 Employees & Retirees	\$25,237,000	\$19,912,000	\$5,325,000
OPEIU Local 29 Employees & Retirees	\$2,900,000	\$2,241,000	\$659,000
Safety (both POA and PMA) Employees & Retirees	\$34,142,000	\$26,501,000	\$7,641,000
Unrepresented Employees & Retirees	\$11,188,000	\$8,912,000	\$2,276,000
Total	\$73,467,000	\$57,566,000	\$15,901,000

The 2016/2017 Annual Required Contribution² (ARC), which includes the Normal Cost³ and the Amortization of Unfunded Actuarial Accrued Liability⁴ (UAAL) in thousands of dollars and as a percentage of payroll is as follows (in thousands of dollars):

¹ **Actuarial Accrued Liability** is the liability for benefits earned or allocated to past service using actuarial assumptions.

2016/2017 Annual Required Contribution

Group	Current Plan	Reformed Benefit	Savings
International Brotherhood of Teamsters Local Union No. 856 Employees & Retirees	\$1,688,000 20.5%	\$1,061,000 12.9%	\$627,000 7.6%
OPEIU Local 29 Employees & Retirees	\$220,000 13.9%	\$134,000 8.5%	\$86,000 5.4%
Safety (both POA and PMA) Employees & Retirees	\$2,720,000 14.8%	\$1,638,000 8.9%	\$1,082,000 5.9%
Unrepresented Employees & Retirees	\$1,012,000 13.7%	\$626,000 8.5%	\$386,000 5.2%
Total	\$5,640,000	\$3,459,000	\$2,181,000

For more detailed information, please see Attachments 3 through 6.

Financial Impact

As demonstrated above, the City’s reform of the retiree health benefit program, as applied to all current employees and retirees, results in significant savings. The fiscal impact of the reformed benefit is explained in greater detail in the attached actuarial statements.

Public Contact

The City Council Agenda was posted. A letter was sent to all City of Concord retirees receiving a retiree health care benefit informing them of this agenda item.

Attachments

1. Resolution No. 16-57
2. Resolution No. 16-67
3. Costing information for Teamster employees and retirees

² **Annual Required Contribution** is an annual contribution amount actuarially determined for the City as the sum of the Normal Cost plus a level percent of pay amortization of the Unfunded Actuarial Accrued Liability.

³ **Normal Cost** is the value of benefits earned or allocated to the current year using actuarial assumptions.

⁴ The **Unfunded Actuarial Accrued Liability** is the difference between plan assets and the Actuarial Accrued Liability. It is amortized over a fixed period and added to the Normal Cost to determine the Annual Required Contribution.

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Considering adopting Resolution Nos. 16-57 and 16-67 providing fixed and vested City contribution amounts for Retiree Health Care Benefits for all City retirees and current Unrepresented Employees

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4. Costing information for OPEIU Local 29 employees and retirees
5. Costing information for Safety employees and retirees
6. Costing information for Unrepresented employees and retirees

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Providing Vesting for Fixed City
Contribution Amounts for Retiree Health Care
Benefits for Eligible Current City Retirees**

Resolution No. 16-57

WHEREAS, the City recently reached agreements with all of its employee organizations and adopted a pay and benefit policy for its unrepresented employees over the terms and conditions of employment and Council approved said documents on June 26, 2016 for the Teamsters employees and the unrepresented employees, on July 12, 2015 for Local 29 employees and on August 2, 2016 for the Police Association’s and Police Managers Association’s employees; and

WHEREAS, the labor agreements and pay and benefit policy adopted by the City Council and reformed the City’s retiree health benefits; and

WHEREAS, the City’s current monthly premium contribution for the retiree health benefit is not vested, and the City Council wishes to vest the fixed, flat dollar maximum for all current retirees who were either formerly represented by an employee organization or unrepresented employees; and

WHEREAS, Bartel Associates presented an actuarial analysis during the June 7, 2016 City Council on June 7, 2016, analyzing the impact of the changes by employee group and showing savings for the City in future costs if the maximum retiree health benefit plan contribution amount is applied to all City employees and retirees.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2.

a. **Current Retirees.**

(i) Effective August 2, 2016, all current retirees (including formerly unrepresented employees and those who were formerly represented by an employee organization) who retired directly from the City prior to August 2, 2016, and are eligible for the City’s retiree medical benefits,

shall vest in a maximum City contribution towards health benefit plan premiums by plan type and coverage level as set forth below.

(ii) Effective August 2, 2016, all current retirees (including formerly unrepresented employees and those who were formerly represented by an employee organization) who retired directly from the City prior to August 2, 2016, are currently eligible for the City’s retiree medical benefits, and reinstate from retirement to full-time employment at the City of Concord shall vest in a maximum City contribution towards health benefit plan premiums by plan type and coverage level as set forth below, upon future retirement, irrespective of the number of post-reinstatement years of service with the City.

Plan Type – Basic Plan (Pre-Medicare)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Single Party Only	\$671.82	\$8,061.84
Two-Party	\$1,343.65	\$16,123.80
Family	\$1,746.74	\$20,960.88
Plan Type – Supplemental Medicare Plan Type (Retiree and dependent(s) are all Medicare eligible)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Single Party Only	\$287.52	\$3,450.24
Two-Party	\$575.05	\$6,900.48
Family	\$862.56	\$10,350.72
Plan Type – Combination Plan Type 1 Option (Retiree is Medicare eligible but dependent(s) are not Medicare eligible)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Medicare Retiree + Basic Dependent	\$937.30	\$11,247.60
Medicare Retiree + 2 or more Basic Dependents	\$1,321.01	\$15,852.12
Medicare Retiree + 1 Medicare Dependent + 1 or more Basic Dependent(s)	\$974.16	\$11,689.92
Plan Type – Combination Plan Type Option 2 (Retiree is not Medicare eligible, but one or more dependent(s) are Medicare eligible)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Basic Retiree + 1 Medicare Dependent	\$937.30	\$11,247.60
Basic Retiree + 2 or more Medicare Dependents	\$1,235.10	\$14,821.20
Basic Retiree + 1 Basic Dependent + 1 or more Medicare Dependent(s)	\$1,321.01	\$15,852.12

b. Current retiree contributions will vary based on future changes to the health premiums,

1 plans selected and level of coverage. Actual premiums may be less than the set dollar amounts above.
2 The City's contribution will be the lesser of either the actual premium or the maximum fixed, flat
3 dollar amount set forth in the above table. The method by which the City provides its contribution,
4 e.g., proportion of the direct and indirect contribution, the availability and selection of health plans,
5 plan designs or other components of health benefit plans are not vested and remain subject to change
6 and modification. Additionally, the vehicle by which retiree health care is provided, including but not
7 limited to using an alternate health care provider, are similarly not vested and remain subject to
8 change and modification by the City. The City Manager, or her designee, is hereby authorized to take
9 appropriate actions to implement this resolution.

10 **Section 3.** This resolution shall become effective within 90 calendar days upon CalPERS
11 implementation of the associated PEMHCA resolution that is before Council for consideration on
12 August 2, 2016.

13
14 **PASSED AND ADOPTED** by the City Council of the City of Concord on August 2, 2016, by
15 the following vote:

16 **AYES:** Councilmembers -

17 **NOES:** Councilmembers -

18 **ABSTAIN:** Councilmembers -

19 **ABSENT:** Councilmembers –

20
21 **I HEREBY CERTIFY** that the foregoing Resolution No. 16-57 was duly and regularly
22 adopted at a regular meeting of the City Council of the City of Concord on August 2, 2016.

23
24 _____
Joelle Fockler, MMC
City Clerk

25
26 **APPROVED AS TO FORM:**

27
28 _____
Susanne Meyer Brown
City Attorney

**BEFORE THE CITY COUNCIL OF THE CITY OF CONCORD
COUNTY OF CONTRA COSTA, STATE OF CALIFORNIA**

**A Resolution Providing Vesting for Fixed City
Contribution Amounts for Retiree Health Care
Benefits for Eligible Current Unrepresented
Employees Upon Retirement Directly from the City**

Resolution No. 16-67

WHEREAS, the City Council recently adopted Resolution Nos. 16-4735.4, 16-4735.5 and 16-4735.6 outlining salary and benefit changes for unrepresented employees; and

WHEREAS, the City Council wishes to set the City’s contribution towards health benefit plan premiums for current unrepresented employees upon retirement at a fixed, flat dollar maximum to provide predictability and stability for retirees and to reduce the City of Concord’s (City) other post-employment benefit liability; and

WHEREAS, the City’s current contribution amount is not vested, and the City Council wishes to vest the fixed, flat dollar maximum for current unrepresented employees; and

WHEREAS, Bartel Associates presented an actuarial analysis during the June 7, 2016 City Council on June 7, 2016, analyzing the impact of the changes by employee group and showing savings for the City in future costs if the maximum retiree health benefit plan contribution amount is applied to all City employees and retirees.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF CONCORD DOES
RESOLVE AS FOLLOWS:**

Section 1. The City Council hereby finds and determines that the foregoing recitals are true and correct.

Section 2.

a. **Current Unrepresented Employees.** Current unrepresented employees who were City employees prior to June 28, 2016 including any prospective employee who received a conditional job offer dated prior to June 28, 2016 from the City and approved by the Human Resources Director, who retire directly from the City, and are eligible for the City’s retiree medical benefits (i.e., have five or more years of continuous service with the City), shall vest in a maximum City contribution towards health benefit plan premiums by plan type and coverage level as set forth below.

Plan Type – Basic Plan (Pre-Medicare)		
<u>Level of Coverage</u>	<u>Fixed Dollar Monthly City Contribution</u>	<u>Annualized Value</u>
Single Party Only	\$671.82	\$8,061.84
Two-Party	\$1,343.65	\$16,123.80
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Plan Type – Supplemental Medicare Plan Type (Retiree and dependent(s) are all Medicare eligible)		
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Basic Retiree + 2 or more Medicare Dependents	\$1,235.10	\$14,821.20
Basic Retiree + 1 Basic Dependent + 1 or more Medicare Dependent(s)	\$1,321.01	\$15,852.12

b. Retiree contributions will vary based on future changes to the health premiums, plans selected and level of coverage. Actual premiums may be less than the set dollar amounts above. The City's contribution will be the lesser of either the actual premium or the maximum fixed, flat dollar amount set forth in the above table. The method by which the City provides its contribution, e.g., proportion of the direct and indirect contribution, the availability and selection of health plans, plan designs or other components of health benefit plans are not vested and remain subject to change and

1 modification. Additionally, the vehicle by which retiree health care is provided, including but not
2 limited to using an alternate health care provider, are similarly not vested and remain subject to
3 change and modification by the City. The City Manager, or her designee, is hereby authorized to take
4 appropriate actions to implement this resolution.

5 **Section 3.** This resolution shall become effective within 90 calendar days upon CalPERS
6 implementation of the associated PEMHCA resolution that is before Council for consideration on
7 August 2, 2016.
8

9 **PASSED AND ADOPTED** by the City Council of the City of Concord on August 2, 2016, by
10 the following vote:

11 **AYES:** Councilmembers -

12 **NOES:** Councilmembers -

13 **ABSTAIN:** Councilmembers -

14 **ABSENT:** Councilmembers –

15
16 **I HEREBY CERTIFY** that the foregoing Resolution No. 16-67 was duly and regularly
17 adopted at a regular meeting of the City Council of the City of Concord on August 2, 2016.
18

19 _____
20 Joelle Fockler, MMC
City Clerk

21 **APPROVED AS TO FORM:**

22
23 _____
24 Susanne Meyer Brown
City Attorney

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Teamsters Results
(Amounts in thousands)

- City Proposal:
 - Benefit for current and future retirees with no scheduled increases:
 - Non Medicare eligible current and future retirees: 90% of 2016 Kaiser premium
 - Medicare eligible current and future retirees: 89%-97% of 2016 Kaiser Medicare premium (current benefit)
 - Active employees hired before 6/14/16 have the following vesting schedule based on City service:
 - 0-4 years: PEMHCA minimum
 - 5+ years: Single, 2-party, or family benefit based on actual coverage level
 - No vesting schedule for disability retirees
 - New employees as of 6/14/16:
 - PEMHCA minimum if eligible under PEMHCA
 - Assumptions for alternative benefit study are the same as assumptions used in the 6/30/15 valuation, except the participation at retirement assumption was changed to 60% for new hires with the PEMHCA minimum benefit.

June 30, 2015 OPEB Valuation	Current Plan	City Proposal	Savings
■ Present Value of Benefit 6/30/15	\$ 28,989	\$ 22,404	\$ 6,585
■ Actuarial Accrued Liability 6/30/15			
• Actives	8,387	5,889	2,498
• Retirees	<u>16,850</u>	<u>14,023</u>	<u>2,827</u>
• Total	25,237	19,912	5,325
■ Actuarial Value of Assets 6/30/15	<u>(7,589)</u>	<u>(7,589)</u>	-
■ Unfunded AAL 6/30/15	17,648	12,323	5,325
■ AAL Projected to 6/30/16	25,850	19,912	5,938
■ Actuarial Value of Assets 6/30/16	<u>(8,872)</u>	<u>(8,872)</u>	-
■ Unfunded AAL 6/30/16	16,978	11,040	5,938
■ 2016/17 ARC - \$			
• Normal Cost	551	368	183
• Amortization of Unfunded AAL	<u>1,137</u>	<u>693</u>	<u>444</u>
• Total	1,688	1,061	627
■ Projected Payroll	8,232	8,232	-
■ 2016/17 ARC - % of Payroll			
• Normal Cost	6.7%	4.5%	2.2%
• Amortization of Unfunded AAL	<u>13.8%</u>	<u>8.4%</u>	<u>5.4%</u>
• Total	20.5%	12.9%	7.6%

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Teamsters Results
(Amounts in thousands)

20-Year Annual Required Contribution (ARC) Comparison

Fiscal Year	Payroll	ARC - % of Payroll			ARC - \$		
		Current Plan	City Proposal	Savings	Current Plan	City Proposal	Savings
2016/17	\$ 8,232	20.5%	12.9%	7.6%	\$ 1,688	\$ 1,061	\$ 627
2017/18	8,500	20.5%	12.7%	7.8%	1,743	1,081	662
2018/19	8,776	20.5%	12.5%	8.0%	1,800	1,103	697
2019/20	9,061	20.5%	12.4%	8.1%	1,859	1,125	734
2020/21	9,356	20.5%	12.2%	8.3%	1,919	1,148	771
2021/22	9,660	20.5%	12.1%	8.4%	1,981	1,170	811
2022/23	9,974	20.5%	11.9%	8.6%	2,046	1,194	852
2023/24	10,298	20.5%	11.8%	8.7%	2,112	1,218	894
2024/25	10,633	20.5%	11.7%	8.8%	2,181	1,243	938
2025/26	10,978	20.5%	11.5%	9.0%	2,252	1,269	983
2026/27	11,335	20.5%	11.4%	9.1%	2,325	1,296	1,029
2027/28	11,703	20.5%	11.3%	9.2%	2,400	1,324	1,076
2028/29	12,084	20.5%	11.2%	9.3%	2,478	1,353	1,125
2029/30	12,476	20.5%	11.1%	9.4%	2,559	1,384	1,175
2030/31	12,882	20.5%	11.0%	9.5%	2,642	1,416	1,226
2031/32	13,301	17.9%	10.9%	7.0%	2,381	1,450	931
2032/33	13,733	17.9%	10.8%	7.1%	2,459	1,485	974
2033/34	14,179	17.9%	10.7%	7.2%	2,539	1,522	1,017
2034/35	14,640	17.9%	10.6%	7.3%	2,621	1,562	1,059
2035/36	15,116	17.9%	10.6%	7.3%	2,707	1,603	1,104

Actuarial Certification

As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the calculations are complete and accurate and in my opinion present the information necessary to comply with §7507 of the California Government Code.

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
 President
 Bartel Associates, LLC



May 31, 2016



CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Local 29 Results
(Amounts in thousands)

- City Proposal:
 - Benefit for current and future retirees with no scheduled increases:
 - Non Medicare eligible current and future retirees: 90% of 2016 Kaiser premium
 - Medicare eligible current and future retirees: 89%-97% of 2016 Kaiser Medicare premium (current benefit)
 - Active employees hired before 6/14/16 have the following vesting schedule based on City service:
 - 0-4 years: PEMHCA minimum
 - 5+ years: Single, 2-party, or family benefit based on actual coverage level
 - No vesting schedule for disability retirees
 - New employees as of 6/14/16:
 - PEMHCA minimum if eligible under PEMHCA
 - Assumptions for alternative benefit study are the same as assumptions used in the 6/30/15 valuation, except the participation at retirement assumption was changed to 60% for new hires with the PEMHCA minimum benefit.

June 30, 2015 OPEB Valuation	Current Plan	City Proposal	Savings
■ Present Value of Benefit 6/30/15	\$ 3,507	\$ 2,627	\$ 880
■ Actuarial Accrued Liability 6/30/15			
• Actives	1,215	860	355
• Retirees	<u>1,685</u>	<u>1,381</u>	<u>304</u>
• Total	2,900	2,241	659
■ Actuarial Value of Assets 6/30/15	<u>(872)</u>	<u>(872)</u>	-
■ Unfunded AAL 6/30/15	2,028	1,369	659
■ AAL Projected to 6/30/16	3,030	2,291	739
■ Actuarial Value of Assets 6/30/16	<u>(1,040)</u>	<u>(1,040)</u>	-
■ Unfunded AAL 6/30/16	1,990	1,251	739
■ 2016/17 ARC - \$			
• Normal Cost	87	55	32
• Amortization of Unfunded AAL	<u>133</u>	<u>79</u>	<u>54</u>
• Total	220	134	86
■ Projected Payroll	1,578	1,578	-
■ 2016/17 ARC - % of Payroll			
• Normal Cost	5.5%	3.5%	2.0%
• Amortization of Unfunded AAL	<u>8.4%</u>	<u>5.0%</u>	<u>3.4%</u>
• Total	13.9%	8.5%	5.4%

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Local 29 Results
(Amounts in thousands)

20-Year Annual Required Contribution (ARC) Comparison

Fiscal Year	Payroll	ARC - % of Payroll			ARC - \$		
		Current Plan	City Proposal	Savings	Current Plan	City Proposal	Savings
2016/17	\$ 1,578	13.9%	8.5%	5.4%	\$ 220	\$ 134	\$ 86
2017/18	1,629	13.9%	8.4%	5.5%	227	137	90
2018/19	1,682	13.9%	8.3%	5.6%	234	140	94
2019/20	1,737	13.9%	8.2%	5.7%	242	142	100
2020/21	1,794	13.9%	8.1%	5.8%	250	145	105
2021/22	1,852	13.9%	8.0%	5.9%	258	148	110
2022/23	1,912	13.9%	7.9%	6.0%	266	152	114
2023/24	1,974	13.9%	7.9%	6.0%	275	155	120
2024/25	2,038	13.9%	7.8%	6.1%	284	158	126
2025/26	2,105	13.9%	7.7%	6.2%	293	161	132
2026/27	2,173	13.9%	7.6%	6.3%	303	164	139
2027/28	2,244	13.9%	7.5%	6.4%	313	168	145
2028/29	2,317	13.9%	7.4%	6.5%	323	171	152
2029/30	2,392	13.9%	7.3%	6.6%	333	175	158
2030/31	2,470	13.9%	7.3%	6.6%	344	179	165
2031/32	2,550	12.3%	7.2%	5.1%	315	183	132
2032/33	2,633	12.3%	7.2%	5.1%	325	188	137
2033/34	2,718	12.3%	7.1%	5.2%	335	193	142
2034/35	2,807	12.3%	7.1%	5.2%	346	198	148
2035/36	2,898	12.3%	7.0%	5.3%	358	203	155

Actuarial Certification

As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the calculations are complete and accurate and in my opinion present the information necessary to comply with §7507 of the California Government Code.

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
 President
 Bartel Associates, LLC

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Safety Results
(Amounts in thousands)

■ City Proposal:

- Benefit for current and future retirees with no scheduled increases:
 - Non Medicare eligible current and future retirees: 90% of 2016 Kaiser premium
 - Medicare eligible current and future retirees: 89%-97% of 2016 Kaiser Medicare premium (current benefit)
- Active employees hired before 6/14/16 have the following vesting schedule based on City service:
 - 0-4 years: PEMHCA minimum
 - 5+ years: Single, 2-party, or family benefit based on actual coverage level
 - No vesting schedule for disability retirees
- New employees as of 6/14/16:
 - PEMHCA minimum if eligible under PEMHCA
- Assumptions for alternative benefit study are the same as assumptions used in the 6/30/15 valuation, except the participation at retirement assumption was changed to 60% for new hires with the PEMHCA minimum benefit.

June 30, 2015 OPEB Valuation	Current Plan	City Proposal	Savings
■ Present Value of Benefit 6/30/15	\$ 42,969	\$ 31,698	\$ 11,271
■ Actuarial Accrued Liability 6/30/15			
• Actives	14,282	10,189	4,093
• Retirees	<u>19,860</u>	<u>16,312</u>	<u>3,548</u>
• Total	34,142	26,501	7,641
■ Actuarial Value of Assets 6/30/15	<u>(10,267)</u>	<u>(10,267)</u>	-
■ Unfunded AAL 6/30/15	23,875	16,234	7,641
■ AAL Projected to 6/30/16	36,066	27,419	8,647
■ Actuarial Value of Assets 6/30/16	<u>(12,377)</u>	<u>(12,377)</u>	-
■ Unfunded AAL 6/30/16	23,689	15,042	8,647
■ 2016/17 ARC - \$			
• Normal Cost	1,134	693	441
• Amortization of Unfunded AAL	<u>1,586</u>	<u>945</u>	<u>641</u>
• Total	2,720	1,638	1,082
■ Projected Payroll	18,347	18,347	-
■ 2016/17 ARC - % of Payroll			
• Normal Cost	6.2%	3.8%	2.4%
• Amortization of Unfunded AAL	<u>8.6%</u>	<u>5.1%</u>	<u>3.5%</u>
• Total	14.8%	8.9%	5.9%

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Safety Results
(Amounts in thousands)

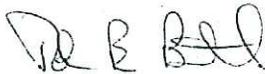
20-Year Annual Required Contribution (ARC) Comparison

Fiscal Year	Payroll	ARC - % of Payroll			ARC - \$		
		Current Plan	City Proposal	Savings	Current Plan	City Proposal	Savings
2016/17	\$ 18,347	14.8%	8.9%	5.9%	\$ 2,720	\$ 1,638	\$ 1,082
2017/18	18,943	14.8%	8.8%	6.0%	2,809	1,667	1,142
2018/19	19,559	14.8%	8.6%	6.2%	2,900	1,698	1,202
2019/20	20,194	14.8%	8.5%	6.3%	2,994	1,724	1,270
2020/21	20,851	14.8%	8.4%	6.4%	3,092	1,752	1,340
2021/22	21,528	14.8%	8.2%	6.6%	3,192	1,780	1,412
2022/23	22,228	14.8%	8.1%	6.7%	3,296	1,809	1,487
2023/24	22,950	14.8%	8.0%	6.8%	3,403	1,841	1,562
2024/25	23,696	14.8%	7.9%	6.9%	3,514	1,872	1,642
2025/26	24,466	14.8%	7.7%	7.1%	3,628	1,900	1,728
2026/27	25,262	14.8%	7.6%	7.2%	3,746	1,931	1,815
2027/28	26,083	14.8%	7.5%	7.3%	3,868	1,964	1,904
2028/29	26,930	14.8%	7.4%	7.4%	3,993	1,997	1,996
2029/30	27,806	14.8%	7.3%	7.5%	4,123	2,034	2,089
2030/31	28,709	14.8%	7.2%	7.6%	4,257	2,076	2,181
2031/32	29,642	13.2%	7.1%	6.1%	3,912	2,120	1,792
2032/33	30,606	13.2%	7.0%	6.2%	4,039	2,165	1,874
2033/34	31,600	13.2%	7.0%	6.2%	4,170	2,213	1,957
2034/35	32,627	13.2%	6.9%	6.3%	4,305	2,265	2,040
2035/36	33,688	13.2%	6.8%	6.4%	4,446	2,317	2,129

Actuarial Certification

As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the calculations are complete and accurate and in my opinion present the information necessary to comply with §7507 of the California Government Code.

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
 President
 Bartel Associates, LLC



May 31, 2016

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Unrepresented Results
(Amounts in thousands)

■ City Proposal:

- Benefit for current and future retirees with no scheduled increases:
 - Non Medicare eligible current and future retirees: 90% of 2016 Kaiser premium
 - Medicare eligible current and future retirees: 89%-97% of 2016 Kaiser Medicare premium (current benefit)
- Active employees hired before 6/14/16 have the following vesting schedule based on City service:
 - 0-4 years: PEMHCA minimum
 - 5+ years: Single, 2-party, or family benefit based on actual coverage level
 - No vesting schedule for disability retirees
- New employees as of 6/14/16:
 - PEMHCA minimum if eligible under PEMHCA
- Assumptions for alternative benefit study are the same as assumptions used in the 6/30/15 valuation, except the participation at retirement assumption was changed to 60% for new hires with the PEMHCA minimum benefit.

June 30, 2015 OPEB Valuation	Current Plan	City Proposal	Savings
■ Present Value of Benefit 6/30/15	\$ 14,169	\$ 10,800	\$ 3,369
■ Actuarial Accrued Liability 6/30/15			
• Actives	2,876	2,084	792
• Retirees	<u>8,312</u>	<u>6,828</u>	<u>1,484</u>
• Total	11,188	8,912	2,276
■ Actuarial Value of Assets 6/30/15	<u>(3,364)</u>	<u>(3,364)</u>	-
■ Unfunded AAL 6/30/15	7,824	5,548	2,276
■ AAL Projected to 6/30/16	11,601	9,004	2,597
■ Actuarial Value of Assets 6/30/16	<u>(3,981)</u>	<u>(3,981)</u>	-
■ Unfunded AAL 6/30/16	7,620	5,023	2,597
■ 2016/17 ARC - \$			
• Normal Cost	502	311	191
• Amortization of Unfunded AAL	<u>510</u>	<u>315</u>	<u>195</u>
• Total	1,012	626	386
■ Projected Payroll	7,373	7,373	-
■ 2016/17 ARC - % of Payroll			
• Normal Cost	6.8%	4.2%	2.6%
• Amortization of Unfunded AAL	<u>6.9%</u>	<u>4.3%</u>	<u>2.6%</u>
• Total	13.7%	8.5%	5.2%

CITY OF CONCORD
JUNE 30, 2015 GASB 45 ACTUARIAL VALUATION

City Proposal – Unrepresented Results
 (Amounts in thousands)

20-Year Annual Required Contribution (ARC) Comparison

Fiscal Year	Payroll	ARC - % of Payroll			ARC - \$		
		Current Plan	City Proposal	Savings	Current Plan	City Proposal	Savings
2016/17	\$ 7,373	13.7%	8.5%	5.2%	\$ 1,012	\$ 626	\$ 386
2017/18	7,611	13.7%	8.3%	5.4%	1,045	633	412
2018/19	7,859	13.7%	8.2%	5.5%	1,079	640	439
2019/20	8,114	13.7%	8.0%	5.7%	1,114	646	468
2020/21	8,378	13.7%	7.8%	5.9%	1,150	653	497
2021/22	8,650	13.7%	7.6%	6.1%	1,187	660	527
2022/23	8,931	13.7%	7.5%	6.2%	1,226	667	559
2023/24	9,222	13.7%	7.3%	6.4%	1,266	675	591
2024/25	9,521	13.7%	7.2%	6.5%	1,307	682	625
2025/26	9,831	13.7%	7.1%	6.6%	1,349	691	658
2026/27	10,150	13.7%	6.9%	6.8%	1,393	702	691
2027/28	10,480	13.7%	6.8%	6.9%	1,439	714	725
2028/29	10,821	13.7%	6.8%	6.9%	1,485	728	757
2029/30	11,172	13.7%	6.7%	7.0%	1,534	743	791
2030/31	11,536	13.7%	6.6%	7.1%	1,583	759	824
2031/32	11,910	12.4%	6.5%	5.9%	1,479	777	702
2032/33	12,298	12.4%	6.5%	5.9%	1,527	796	731
2033/34	12,697	12.4%	6.4%	6.0%	1,577	816	761
2034/35	13,110	12.4%	6.4%	6.0%	1,628	837	791
2035/36	13,536	12.4%	6.4%	6.0%	1,681	860	821

Actuarial Certification

As a member of the American Academy of Actuaries meeting the Academy Qualification Standards, I certify the calculations are complete and accurate and in my opinion present the information necessary to comply with §7507 of the California Government Code.

Respectfully submitted,



John E. Bartel, ASA, MAAA, FCA
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May 31, 2016