

C. The City's Retirement Contributions are Steadily Increasing

By any standard, the City's pension and OPEB costs have been increasing and are expected to continue current trends. Because of this, over the past 10 years the City has experienced a profound increase in the percent of payroll that it pays to the retirement plans for these benefits. In 2011-2012, the City spent just over \$20 million on retirement benefits. Absent swift action to reduce the cost of these benefits, the City is expected to be required to contribute more than \$24 million for pension and OPEB costs in 2016-2017 – only four years from now.

While these estimates cover all fund sources, the impact on the City's General Fund is significant since it carried the entire burden of public safety costs. Unfortunately, this is not even the worst-case scenario. Future investment losses would increase the unfunded liability, as would actuarial experience losses, and/or decreases in investment earning assumptions.

The two charts below depict the growth in annual pension costs and unfunded liability. The City has experienced a significant impact with the implementation of the 2.7% @ 55 benefit enhancement in 2007-08 and with the issuance of pension obligation bonds in 2006-07 for public safety. Both of these events contributed significantly to increasing rates along with market losses and adjustments to actuarial assumptions.

Table 15 – CalPERS Actuarial Valuation Rate – Miscellaneous Plan

Fiscal Year	Employer	Employee	Benefit	Unfunded Liability
2012-13	17.355%	8.00%	2.7% @ 55	\$55,855,277
2011-12	17.248%	8.00%	2.7% @ 55	\$53,627,697
2010-11	13.276%	8.00%	2.7% @ 55	\$27,164,865
2009-10	12.544%	8.00%	2.7% @ 55	\$19,572,835
2008-09	13.427%	8.00%	2.7% @ 55	\$24,580,218
2007-08	15.266%	7.00%	2.7% @ 55	\$23,751,661
2006-07	8.947%	7.00%	2% @ 55	\$(312,406)
2005-06	7.555%	7.00%	2% @ 55	\$(6,769,844)
2004-05	0.000%	7.00%	2% @ 55	\$(36,697,738)
2003-04	0.000%	7.00%	2% @ 55	\$(69,615,583)
2002-03	0.000%	7.00%	2% @ 55	\$(77,006,869)