



JUN 24 PM 1:52

AGENDA REPORT

TO: DEANNA J. SANTANA
CITY ADMINISTRATOR

FROM: Donna Hom
Budget Director

SUBJECT: *Supplemental Report to FY 2013-15
Proposed Policy Budget*

DATE: June 24, 2013

City Administrator
Approval

Deanna Santana

Date

6/24/13

SUPPLEMENTAL

The Administration is transmitting the following information memorandums for the Special City Council Meeting on June 27, 2013 regarding the FY 2013-14 Proposed Policy Budget:

- 1) *Cal-PERS New Health Benefit Plans and Plan Rates for Calendar Year 2014*, dated June 24, 2013.
- 2) *Update on Funding for Housing Project Staff Costs*, dated June 24, 2013

Respectfully submitted,

/s/

DONNA HOM
Budget Director

For questions, please contact Donna Hom, Budget Director, at (510) 238-2038.

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CITY OF OAKLAND

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Katano Kasaine

SUBJECT: CalPERS New Health Benefit Plans
and Plan Rates for Calendar Year 2014

DATE: June 24, 2013

City Administrator

Date

Approval

/s/ Deanna J. Santana

6/24/13

This information memorandum provides information regarding recent Health Benefit Plan changes with California Public Employees' Retirement System (CalPERS) and the Plan Rates for Calendar Year 2014.

On June 18, 2013, the California Public Employees' Retirement System's (CalPERS) Board of Administration approved recommendations from the Pension and Health Benefits Committee (PHBC) related to a 2014 health care package that would raise overall premiums next year by a statewide average of 3 percent for the Pension Fund's nearly 1.3 million health program members. Regionally, the premium changes vary with some regions incurring a higher rate increase than is reflected in the Statewide average. The Health Benefit Plan Rates will become effective January 1, 2014.

According to CalPERS, the requirements of the federal Affordable Care Act accounted for about 2 percent of the 2014 premium rate increases. The rate package will increase Basic HMO plan coverage by 3.8 percent, PPO plans by 2.5 percent and Association plans by 6 percent. Medicare HMO plans will increase about 5.8 percent, PPO plans will decrease 8.7 percent, and Association plans will increase 2.2 percent. However, in certain geographic areas, Plan Rates experienced a higher rate increases because of the impact of regional pricing differences. This higher rate increase impacted mainly the rates for Bay Area plans.

Another change to CalPERS Health Benefits includes the introduction of additional plan options for members, also effective January 1, 2014. In 2014, members will be able to choose from multiple plans including: Anthem Blue Cross, Health Net, Sharp Health and United Healthcare joining Blue Shield of California and Kaiser Permanente as HMO providers. Some of these plans are only available in certain regions within the State. Three PPO options remain available including PERS Choice, PERS Select and PERSCare – all administered by Anthem Blue Shield as CalPERS' Third Party Administrator. All of the CalPERS health plan providers have five-year contracts that expire December 31, 2018.

ATTACHMENT A

**CalPERS 2014 Health Premiums - Regional
Contracting Agencies Only
June PHBC Proposed Risk Adjusted Premiums - HMOs' Only**

Basic	2013			2014			Percent Change (+/-)
	Single	2-Party	Family	Single	2-Party	Family	
Basic Premium Rates - Bay Area							
Alameda, Amsdor, Contra Costa, Marin, Napa, Nevada, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Sutter, Yolo, and Yuba							
Anthem HMO Select	/	/	/	\$657.33	\$1,314.66	\$1,709.06	n/a
Anthem HMO Traditional	/	/	/	728.41	1,456.82	1,893.27	n/a
Blue Shield Access+	\$784.63	\$1,569.26	\$2,040.04	836.59	1,673.18	2,175.13	6.62%
Blue Shield NetValue	670.21	1,340.42	1,742.88	704.01	1,408.88	1,830.88	5.04%
Kaiser CA	668.63	1,337.26	1,738.44	742.72	1,485.88	1,931.07	11.08%
UnitedHealthcare	/	/	/	764.24	1,528.48	1,987.02	n/a
Basic Premium Rates - Sacramento							
El Dorado, Placer, and Sacramento							
Anthem HMO Select	/	/	/	\$750.27	\$1,500.54	\$1,950.70	n/a
Anthem HMO Traditional	/	/	/	840.43	1,680.88	2,185.12	n/a
Blue Shield Access+	\$702.75	\$1,405.50	\$1,827.15	734.87	1,469.74	1,910.66	4.57%
Blue Shield NetValue	606.11	1,212.22	1,575.89	618.39	1,236.78	1,607.81	2.03%
Kaiser CA	613.42	1,226.84	1,594.89	681.59	1,363.18	1,772.13	11.11%
UnitedHealthcare	/	/	/	643.34	1,286.68	1,672.68	n/a
Basic Premium Rates - Los Angeles Area							
Los Angeles, San Bernardino, and Ventura							
Anthem HMO Select	/	/	/	\$475.86	\$951.72	\$1,237.24	n/a
Anthem HMO Traditional	/	/	/	549.76	1,099.88	1,429.38	n/a
Blue Shield Access+	\$530.75	\$1,061.50	\$1,379.95	469.91	939.82	1,221.77	-11.46%
Blue Shield NetValue	453.35	906.70	1,178.71	395.50	791.00	1,028.30	-12.76%
Health Net Salud y Más	/	/	/	425.44	850.88	1,106.14	n/a
Health Net SmartCare	/	/	/	542.71	1,085.42	1,411.05	n/a
Kaiser CA	502.40	1,004.80	1,306.24	541.79	1,083.58	1,408.65	7.84%
UnitedHealthcare	/	/	/	487.76	975.52	1,268.18	n/a
Basic Premium Rates - Other Southern California							
Fresno, Imperial, Inyo, Kern, Kings, Madera, Riverside, Orange, San Diego, San Luis Obispo, Santa Barbara, and Tulare							
Anthem HMO Select	/	/	/	\$538.99	\$1,073.98	\$1,396.17	n/a
Anthem HMO Traditional	/	/	/	592.20	1,184.40	1,539.72	n/a
Blue Shield Access+	\$643.93	\$1,287.86	\$1,674.22	543.31	1,086.42	1,412.35	-15.64%
Blue Shield NetValue	550.03	1,100.06	1,430.08	457.17	914.34	1,188.64	-16.88%
Health Net Salud y Más	/	/	/	489.82	979.64	1,273.33	n/a
Health Net SmartCare	/	/	/	568.51	1,137.02	1,478.13	n/a
Kaiser CA	558.95	1,117.90	1,453.27	602.79	1,205.58	1,567.25	7.84%
Sharp	/	/	/	538.59	1,077.18	1,400.33	n/a
UnitedHealthcare	/	/	/	521.01	1,042.02	1,354.63	n/a

ATTACHMENT B

**CalPERS 2014 Health Premiums - Regional
Contracting Agencies Only
June PHBC Proposed Risk Adjusted Premiums - PPOs Only**

Basic	2013			2014			Percent Change (+/-)
	Single	2-Party	Family	Single	2-Party	Family	
Basic Premium Rates - Bay Area							
Alameda, Amador, Contra Costa, Marin, Napa, Nevada, San Francisco, San Joaquin, San Mateo, Santa Clara, Santa Cruz, Solano, Sonoma, Sutter, Yolo, and Yuba							
PERS Choice	\$667.03	\$1,334.06	\$1,734.28	\$690.77	\$1,381.54	\$1,796.00	3.36%
PERS Select	487.20	974.40	1,266.72	661.52	1,323.04	1,719.68	35.76%
PERSCare	1,083.11	2,166.22	2,516.09	720.04	1,440.08	1,872.10	-33.32%
Basic Premium Rates - Sacramento							
El Dorado, Placer, and Sacramento							
PERS Choice	\$620.49	\$1,240.98	\$1,613.27	\$665.99	\$1,331.98	\$1,731.57	7.33%
PERS Select	453.21	906.42	1,178.35	637.85	1,275.70	1,658.41	40.74%
PERSCare	1,007.54	2,015.08	2,619.60	694.26	1,388.52	1,805.08	-31.09%
Basic Premium Rates - Los Angeles Area							
Los Angeles, San Bernardino, and Ventura							
PERS Choice	\$587.46	\$1,174.92	\$1,527.40	\$599.19	\$1,198.38	\$1,557.89	2.00%
PERS Select	429.08	858.16	1,115.61	573.83	1,147.66	1,491.96	33.73%
PERSCare	953.90	1,907.80	2,480.14	624.59	1,249.18	1,623.33	-34.32%
Basic Premium Rates - Other Southern California							
Fresno, Imperial, Inyo, Kern, Kings, Madera, Riverside, Orange, San Diego, San Luis Obispo, Santa Barbara, and Tulare							
PERS Choice	\$611.30	\$1,222.60	\$1,569.38	\$612.25	\$1,224.50	\$1,591.35	0.16%
PERS Select	446.49	892.98	1,160.87	586.32	1,172.64	1,524.43	31.32%
PERSCare	992.61	1,985.22	2,580.79	638.22	1,276.44	1,659.37	-35.70%
Basic Premium Rates - Other Northern California							
Alpine, Butte, Calaveras, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Matiposa, Mendocino, Merced, Modoc, Mono, Monterey, Plumas, San Benito, Shasta, Sierra, Siskiyou, Stanislaus, Tehama, Trinity, and Tuolumne							
PERS Choice	\$649.78	\$1,299.56	\$1,689.43	\$641.08	\$1,282.16	\$1,666.81	-1.34%
PERS Select	474.61	949.22	1,233.99	613.99	1,227.98	1,596.37	29.27%
PERSCare	1,055.10	2,110.20	2,743.26	668.27	1,336.54	1,737.68	-36.66%
Basic Premium Rates - Out of State							
PERS Choice	\$754.21	\$1,508.42	\$1,960.95	\$706.40	\$1,412.60	\$1,836.64	-6.34%
PERSCare	1,224.67	2,449.34	3,184.14	736.32	1,472.64	1,914.43	-39.88%
Medicare	2013			2014			Percent Change (+/-)
	Single	2-Party	Family	Single	2-Party	Family	
Medicare Premium Rates - All Regions							
PERS Choice	\$325.74	\$651.48	\$977.22	\$307.23	\$614.46	\$921.69	-5.68%
PERS Select	325.74	651.48	977.22	307.23	614.46	921.69	-6.68%
PERSCare	370.43	740.86	1,111.29	327.36	654.72	982.08	-11.63%

13 JUN 24 PM 2:05

DISTRIBUTION DATE: 6/24/13



CITY OF OAKLAND

MEMORANDUM

TO: HONORABLE MAYOR &
CITY COUNCIL

FROM: Fred Blackwell

SUBJECT: Update on Funding for
Housing Project Staff Costs

DATE: June 24, 2013

City Administrator

Date

Approval /s/ Deanna J. Santana

6/24/13

INFORMATION

SUMMARY

On Friday, June 21, 2013 staff received good news from the State Department of Finance ("DOF"). After months of continued discussions and documentation provided to DOF in order to justify the Low and Moderate Income Housing Project staff costs as an allowable cost on the Recognized Obligation Payment Schedule ("ROPS") – the June 21st letter provides approval for these costs going back to January 1, 2013 through December 31, 2013. This is an estimated total expenditure of \$1.7 million over the 12 month period that will cover the cost of 9.75 FTEs that directly support affordable housing projects, which will be funded through Redevelopment Property Tax Trust Fund ("RPTTF") dollars (former tax increment) rather than the General Purpose Fund or other sources.

BACKGROUND

The dissolution of redevelopment agencies throughout the state became effective February 1, 2012. Staff has continued to work with the Oakland Oversight Board and the DOF on a number of issues and mandates resulting from the passage of the ABX 26, the dissolution statute, as well as the passage of AB 1484 in June 2012, which amended the dissolution statute.

The DOF reviews the City's ROPS (spending plan for enforceable obligations) every six months. The ROPS III, which covers the period January 1, 2013, through June 30, 2013, was presented to the ORSA board in July 2012, approved by the Oakland Oversight Board in August 2012, and submitted to the DOF prior to the September 1, 2012 deadline. Several line items from the ROPS III were objected to by the DOF. As allowed for in AB 1484, City staff participated in a meet and confer session in early November 2012 with DOF staff to challenge most of the DOF objections. As of December 2012, the DOF continued to deny the housing project staff costs

(among other obligations). During the review of ROPS 13-14A covering the next period – July 1 through December 31, 2013 – staff continued discussions with DOF regarding housing project staff costs in order to reach an agreement through administrative remedies. Additional documentation linking housing project staff costs to housing projects approved as enforceable obligations on the ROPS was provided to the DOF. The result of these efforts is the June 21, 2013 letter providing approval of housing project staff costs.

OUTCOME

This approval relieves the General Purpose Fund from being required to cover \$849,314 in costs for the past six months (January-June 2013) as previously indicated in fund balance reports provided to Council. It will also alleviate the use of one-time funds (e.g. bond funds not General Fund Balance) totaling \$870,142 to cover housing project staff costs as currently proposed in the FY 2013-14 budget. However, because the RPTTF funds have already been distributed for the ROPS III and ROPS 13-14A periods, funds from RPTTF will not be available until January 2014. In the short-term, the City will need to cover these expenses on a cash basis as suggested by the DOF letter.

As a reminder, the Mayor's budget proposal used one-time bond funds and other one-time restricted housing sources to cover the cost of these staff for FY 2013-14. These funds will be returned to the housing program and available for other housing expenditures. In order to substantiate eligibility of Housing staff in future ROPS, the City needs to ensure that there are sufficient housing projects to enable funding for future staff costs through the ROPS proceeds. The Mayor proposed to use the "triple flip" administration fees assessed by the County estimated to total \$2.1 million for the housing project staff or projects for FY 2014-15. However, this does not address the long-term future funding of affordable housing in Oakland, which is still a policy decision under consideration by City Council. The Mayor is proposing to adopt a policy to allocate 25 percent of the on-going and any one-time boomerang funds for the affordable housing program beginning in FY 2015-16. A portion of these funds would be needed to cover housing project staff costs in order to implement future affordable housing projects.

For questions regarding this memo, please contact Sarah Schlenk, Agency Administrative Manager, City Administrator's Office, at 510-238-3982.

Respectfully submitted,

/s/

FRED BLACKWELL
Assistant City Administrator



June 21, 2013

Ms. Sarah Schlenk, Agency Administrative Manager
Oakland Redevelopment Successor Agency
250 Frank H. Ogawa Plaza, #3315
Oakland, CA 94619

Dear Ms. Schlenk:

Subject: Staffing Costs for Housing Projects

This letter is in response to your request for further review of staff costs for housing projects reported on the Recognized Obligation Payment Schedules (ROPS) for the January through June 2013 (ROPS III) and July through December 2013 (ROPS 13-14A) periods and additional guidance to adequately justify and report staff costs for housing projects in future ROPS periods.

Pursuant to Health and Safety Code (HSC) section 34177 (m), the Oakland Redevelopment Successor Agency (Agency) submitted ROPS 13-14A to Finance on February 28, 2013. The California Department of Finance's (Finance) ROPS 13-14A letter dated April 13, 2013, continued to deny Item 370 on ROPS III and ROPS 13-14A. Subsequently, the Agency requested a Meet and Confer session on one or more of the items denied by Finance, including Item 370. The Meet and Confer letter issued on May 17, 2013, continued to deny funding for Item 370.

Item 370 in ROPS III – Low and Moderate Income Housing Project and Other Staff/Operations in the amount of \$849,314. Finance had continued to deny this item because it was unclear how the staff costs were related to the specific projects approved as enforceable obligations on the ROPS. More specifically, the documentation (e.g., task list by line item) provided included staff costs for projects where the Agency had not requested funding. It was unclear why staff would be working on a project for which the Agency was not requesting funding.

During the Meet and Confer process, the Agency provided additional documentation (e.g., a staff report listing the employees and hours), but staff hours could not be substantiated on a project-by-project nor staff member basis. As such, Finance did not approve the item for Redevelopment Property Tax Trust Fund (RPTTF) funding due to insufficient documentation linking the staff costs to specific projects. Finance stated that to the extent the Agency can develop a methodology and provide suitable documentation that allows for tracking staff time by project, the Agency may be able to obtain funding on future ROPS.

Subsequent to the Meet and Confer process, the Agency provided an explanation as to why staff costs were being incurred even though funds were not being requested for the specific projects. The Agency had listed the entire amount needed for each of the projects on prior a

ROPS and has been expending funds from the prior approved amounts rather than relisting the unexpended balances to be re-approved on each ROPS. Finance notes that amounts requested and approved in a ROPS are effective only for the six-month period covered. Going forward, to the extent the Agency has not fully expended funds approved and received on a prior ROPS, the Agency should relist the unexpended amounts that need to be retained for those enforceable obligations on each subsequent ROPS with the funding source as "Reserves" or "Other" and an entry in the Notes section indicating the funds were received in a prior ROPS period.

Additionally, the Agency provided a breakdown of staff costs incurred during the ROPS III period for each position by task for each project. The ROPS III staff costs totaled \$849,314 and the Agency estimates the ROPS 13-14A staff costs will be \$870,142. Therefore, Finance is approving Item 370 in the amounts of \$849,314 and \$870,142 for ROPS III and ROPS 13-14A, respectively.

Since the ROPS 13-14A RPTTF distribution has already occurred and these amounts were not included in the amount approved by Finance, the Agency may list these unfunded amounts on a future ROPS for funding or enter into a loan agreement with the City of Oakland (City) to fund these approved amounts. If the Agency enters into a loan agreement with the City, the loan should be placed on a subsequent ROPS for repayment from the RPTTF.

Going forward, Finance requests that the Agency implements project codes in their accounting system for each of the approved ROPS projects in order to more easily identify the staff assigned and costs incurred for each housing project. Furthermore, the Agency should report the staff costs for each housing project on a separate line item on the ROPS.

Please direct inquiries to Justyn Howard, Assistant Program Budget Manager, at (916) 445-1546.

Sincerely,



STEVE SZALAY
Local Government Consultant

cc: Mr. Patrick Lane, Redevelopment Program Manager, City of Oakland
Ms. Carol S. Orth, Tax Analysis, Division Chief, County of Alameda
California State Controller's Office