



CITY OF OAKLAND

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2014 JUN 12 PM 2:32

AGENDA REPORT

TO: Henry L. Gardner,
Interim City Administrator

FROM: Katano Kasaine, Plan Administrator
Oakland Municipal Employees'
Retirement System

SUBJECT: An Ordinance Amending
Section 14.8 of Ordinance No.
713 C.M.S.

DATE: June 3, 2014

City Administrator
Approval

Date:

6/9/14

COUNCIL DISTRICT: City-Wide

RECOMMENDATION

Staff recommends the approval of this ordinance amending Section 14.8 of Ordinance 713 C.M.S. to provide increases in monthly payments to Oakland Municipal Employees' Retirement System ("OMERS") Retirees. The approval of this ordinance will provide additional monthly benefits to OMERS annuitants and beneficiaries with minimal financial impact on the systems portfolio.

EXECUTIVE SUMMARY

An ordinance has been prepared that will amend section 14.8 of Ordinance No. 713 C.M.S., to provide an increase of \$75.00 per month for members of the Oakland Municipal Employees' Retirement System ("OMERS") and \$37.50 per month for beneficiaries, effective July 1, 2014, pursuant to unanimous motion of the OMERS Board of Administration.

OUTCOME

The projected cost associated with the proposed monthly increase (\$75.00 per member and \$37.50 per beneficiary) will cost approximately \$862 per month or \$10,350 per annum. The City will not have to use general fund revenues to pay for the proposed increase in benefits payments, as the plan's funds are sufficient to pay all costs associated with this increase.

Item: _____
Finance & Management Committee
June 24, 2014

BACKGROUND/LEGISLATIVE HISTORY

At its regular meeting of May 22, 2014, the OMERS Board of Administration voted unanimously to increase the monthly benefit payments for annuitants by \$75.00 and \$37.50 per beneficiary. The purpose of this increase is to provide greater purchasing power to OMERS annuitants and beneficiaries.

OMERS is a local retirement system operated by the City of Oakland that has been closed to new members since 1970. During the 1970's the majority of Oakland's civilian employees, by vote, opted to become members in the Public Employees' Retirement System (PERS). The last remaining employed OMERS member transferred to PERS on June 19, 2004. There are 22 annuitants and beneficiaries receiving pension payments, 16 of which would be impacted by this ordinance. The table below outlines the previous benefit increases granted to OMERS members and beneficiaries in addition to their annually scheduled 3% Cost of Living Adjustment (COLA):

Ordinance #	Effective Date	Amount or %
7448	07/21/1966	\$25.00 retiree/beneficiary
9302	04/20/1976	\$5.00 per year of service
10111	08/04/1981	1% for each year since retirement
10476	06/26/1984	8% of difference the between CPI and current allowance
11233	07/17/1990	\$50.00 retiree/beneficiary
12283	10/10/2000	\$75.00/retiree \$37.50/beneficiaries
12380	11/27/2001	\$70.00/retiree \$35.00/beneficiaries
12625	07/01/2004	\$75.00/retiree \$37.50/beneficiaries

ANALYSIS

OMERS Membership

Article XX of the City Charter establishes plan membership, contribution, and benefit provisions. The System provides that any member who completes at least 20 years of service and has attained age 52 or completes at least five years of service and attains age 60 is eligible for retirement benefits. The member shall receive a service retirement allowance that is calculated on a basis that takes into account the final three years average compensation, age, and the number of years of service. In addition, the System provides disability, death and survivors benefits for the members. Upon the retiree's death, payments are continued to the retiree's eligible spouse at the 50% level.

The OMERS membership as of May 31, 2014 is 22, includes 7 retirees, 9 beneficiaries, and 6 Alameda County Health Department transferees. The average age of the OMERS membership is

91 years old and the average pay is \$1,034 per month. The Alameda County Health Department transferees (6) benefit payments are attached to the Alameda County Retirement System and would not be impacted by the proposed increase in member benefits payments.

OMERS Actuarial Valuation and Funding Status

The OMERS actuarial valuation as of July 1, 2012 was also performed by Actuary, Bartel Associates. As of this report, the OMERS Funded Ratio is 122.5%. No contribution is required to the Plan as a result of its Funded Status.

Schedule of Funding Progress Oakland Municipal Employees' Retirement System (in millions)				
Valuation date as of July 1	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Status
2007	\$7.52	\$9.37	\$(1.86)	124.7%
2009	5.50	4.98	0.52	90.6%
2010	5.47	4.73	0.74	86.4%
2012	3.63	4.45	(0.82)	122.5%

PUBLIC OUTREACH/INTEREST

This item did not require any additional public outreach other than the required posting on the City's website.

COORDINATION

This report was prepared in coordination with the OMERS' Actuary, City Attorney's Office and Budget Office.

COST SUMMARY/IMPLICATIONS

There is no budget impact to the City's General Fund.

Henry L. Gardner, Interim City Administrator

SUBJECT: An Ordinance Amending Section 14.8 of Ordinance No. 713 C.M.S.

DATE: June 03, 2014

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SUSTAINABLE OPPORTUNITIES

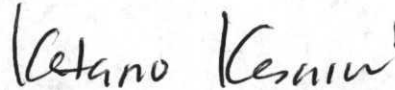
Economic: There are no economic opportunities associated with this report.

Environmental: There are no environmental opportunities associated with this report.

Social Equity: There are no social equity opportunities associated with this report.

For questions regarding this report, please contact Katano Kasaine, Plan Administrator, at (510) 238-2989.

Respectfully submitted,



Katano Kasaine, Plan Administrator
Oakland Municipal Employees' Retirement System

Prepared by: Téir Jenkins, Investment Officer
Retirement Division

Attachments:

- ***DRAFT Ordinance – An Ordinance Amending Section 14.8 of Ordinance No. 713 C.M.S. to Provide Increases in Monthly Payments to Oakland Municipal Employees' Retirement System Retirees***
- ***Ordinance 713 C.M.S.(Current Version)***

INTRODUCED BY COUNCILMEMBER _____

CITY ATTORNEY

ORDINANCENO. 12283 C.M.S.

AN ORDINANCE AMENDING SECTION 14.8 OF ORDINANCE NO. 713 C.M.S. TO PROVIDE INCREASES IN MONTHLY PAYMENTS TO OAKLAND MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM RETIREES.

Section 14.8 of Ordinance No. 713 C.M.S. is hereby amended as follows:

This benefit is to provide an increase to the monthly retirement allowance for OMERS retirees and beneficiaries. The conditions of this increase are as follows:

- (1) Every retired member's monthly retirement allowance payable by the Retirement System shall be increased by the amount of \$75.00 per month.
- (2) Every Beneficiary's monthly retirement allowance payable by the Retirement System shall be increased by the amount of \$37.50 per month.
- (3) The increase shall be paid after the regular 3% Cost-of-Living Adjustment given on July 1,2000.
- (4) The effective date of this increase is July 1,2000

The increase in retirement allowance provided for herein shall not be paid to the following persons:

- (1) Former employees of the City of Oakland transferred to the County of Alameda effective July 1, 1957.

Introduced - 9/26/00
IN COUNCIL, OAKLAND, CALIFORNIA, OCT 10 2000, 20__

PASSED BY THE FOLLOWING VOTE:

AYES- BRUNNER, CHANG, MILEY, NADEL, REID, RUSSO, SPEES, AND PRESIDENT DELAFUENTE, *-8*

NOES- *None*

ABSENT- *None*

ABSTENTION- *None*

ATTEST. *Ceda Floyd*
CEDA FLOYD

City Clerk and Clerk of the Council
of the City of Oakland, California

2014 JUN 12 PM 2:32

INTRODUCED BY COUNCILMEMBER _____

DRAFT

APPROVED AS TO FORM AND LEGALITY

CITY ATTORNEY'S OFFICE

ORDINANCE NO. _____ C.M.S.

**AN ORDINANCE AMENDING SECTION 14.8 OF ORDINANCE NO. 713 C.M.S.
TO PROVIDE INCREASES IN MONTHLY PAYMENTS TO OAKLAND
MUNICIPAL EMPLOYEES' RETIREMENT SYSTEM RETIREES**

WHEREAS, the City wishes to provide financial supplement to the members and beneficiaries of the Oakland Municipal Retirement System (OMERS) in order to address the increased cost of living; and

WHEREAS, the OMERS Board at a meeting held May 22, 2014 voted unanimously to increase monthly retirement benefits paid to its retirees and their respective beneficiaries to specifically address the need to supplement member and beneficiary purchasing power;

NOW, THEREFORE, THE CITY COUNCIL OF OAKLAND DOES ORDAIN AS FOLLOWS: Section 1. Section 14.8 of Ordinance No.713 C.M.C. is hereby amended as follows:

This benefit is to provide an increase to the monthly retirement allowance for OMERS retirees and beneficiaries. The conditions of this increase are as follows:

- (1) Every retired member's monthly retirement allowance payable to the Retirement System shall be increased by the amount of \$75.00 per month.
- (2) Every Beneficiary's monthly retirement allowance payable by the Retirement System shall be increased by the amount of \$37.50 per month.
- (3) The increase shall be paid after the regular 3% Cost-of-Living Adjustment given on July 1, 2014.
- (4) The effective date of this increase is July 1, 2014.

The increase in retirement allowance provided for herein shall not be paid to the following persons:

- (1) Former employees of the City of Oakland transferred to the County of Alameda effective July 1, 1957.

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - BROOKS, GALLO, GIBSON MCELHANEY, KALB, KAPLAN, REID, SCHAAF AND PRESIDENT
KERNIGHAN

NOES -

ABSENT -

ABSTENTION -

DRAFT

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council
of the City of Oakland, California

Date of Attestation: _____