



City of San Antonio

Agenda Memorandum

File Number:15-1246

Agenda Item Number: 1.

Agenda Date: 1/28/2015

In Control: City Council B Session

DEPARTMENT: City Manager's Office

DEPARTMENT HEAD: Ben Gorzell, Chief Financial Officer

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

Presentation of Third Party Reviews Collective Bargaining Proposals and Fire and Police Pension Board Legislative Packet

SUMMARY:

During the Wednesday, January 28 City Council "B" Session, City Council will be provided an informational briefing by three independent consultants regarding the following items:

- A. Financial review of the impact of the City of San Antonio and the San Antonio Police Officers Association (SAPOA) collective bargaining proposals on the City's General Fund Budget. Presented by Michael Nadol, Managing Director, Public Financial Management
- B. Actuarial review of the legislative amendments proposed by the San Antonio Fire and Police Pension Fund and review of the financial impact of the proposed legislative amendments on the City's Credit Rating. Presented by Mark Randall, Executive Vice President, Gabriel, Roeder, Smith & Company; and Jorge Rodriguez, Managing Director, Coastal Securities

BACKGROUND INFORMATION:

During a press conference on December 1, 2014, the Mayor called for a third party review. On December 3rd, staff submitted a proposed draft scope of work to the Mayor's Office for consideration. The proposed draft

scope of work was edited and finalized by the Mayor's Office on December 12th. The final scope of work is primarily comprised of the following:

- Evaluate and validate the impact of the October 21st City Proposal and the November 3rd Union Proposal on the General Fund Budget taking into consideration principals approved by the City Council for the negotiation of police and fire labor union contracts. The City engaged Public Financial Management (PFM) to perform this work.
- Review the legislative amendments proposed by the San Antonio Fire and Police Pension Fund. Given the scope of the review, two firms have been engaged to perform this work. For the actuarial components, the City engaged Gabriel Roeder Smith & Company (GRS). To determine if the proposed amendments were in accordance with financial policies and practices that support the City's "AAA" general obligation bond rating, the City engaged Coastal Securities, one of the City's co-financial advisors.

Each of the reports prepared by PFM, GRS, and Coastal Securities will be provided to the Mayor and City Council on the day of the January 28 City Council "B" Session.

Actuarial Certifications of Healthcare Proposals

On November 4, 2014, one day after the last collective bargaining meeting with the San Antonio Police Officers' Association (SAPOA), it was agreed that the City and SAPOA would each hire their own actuarial firms to review and certify the City and SAPOA's last healthcare proposals. These actuarial certifications were solely on the cost of healthcare and were to be completed before Christmas. Healthcare Analytics Consulting, a division of Arthur J. Gallagher, conducted the actuarial certifications for the City and completed their reports on December 22, 2014. SAPOA advised the City on December 23rd that their actuarial report would not be completed prior to Christmas but expected a report by January 12, 2015. As of the date of this briefing memo, to our knowledge the actuarial report by SAPOA's actuarial firm has not been completed. Upon completion of this actuarial report by SAPOA's actuary, the City and SAPOA will mutually exchange actuarial reports with the goal of utilizing the results in collective bargaining. These actuarial certifications will not be discussed during the February 28, "B" Session.

ISSUE:

This item is for briefing purposes only.

ALTERNATIVES:

This item is for briefing purposes only.

FISCAL IMPACT:

There is no fiscal impact associated with this briefing.

RECOMMENDATION:

This item is for briefing purposes only.