



Broward County PBA

*Working in Partnership
with the
City of Hollywood*



PBA Pension Concessions

Made June 7, 2006

- ✓ **Capped maximum % of pension allowed**
- ✓ **Capped overtime allowed to count towards pension average**
- ✓ **Eliminated cost of living allowance for DROP Member up to eight years**
- ✓ **Increased members contribution to the pension system**
- ✓ **Released state monies to reduce system/city costs**



What Did These Concessions Do?

- ✓ Reduction in benefits & increased Member Contributions 940,000.00
- ✓ State Revenue (Estimated 2006 plan year distribution) 1,100,000.00
- ✓ Total Gross Pension Savings 2,040,000.00
- ✓ Benefit Improvements Negotiated in this Contract (Payable FY2007/2008) (725,000.00)

- ✓ Net Savings for the City FY 2006/2007 1,200,000.00
- ✓ Net Savings for the City FY 2007/2008 1,315,000.00
- ✓ Net Savings for the City FY 2008/2009 1,315,000.00*

** Plus Additional Monies from expected State Revenue Increases*



Snapshots of other Historical Concessions

The effects on the fiscal year basis:

- ✓ **FY 2000/2001** **City Saved 1,600,000.00**
Fresh Start - Sanctioned by the city

- ✓ **FY 2001/2002**
Former City Manager (Finz) asked that no valuation report be completed.

- ✓ **FY 2002/2003** **City Saved 1,500,000.00**
As a result of no actuary valuation requested by the former city manager, city contributed the same amount as prior fiscal year.

- ✓ **FY 2003/2004** **City Saved 2,800,000.00**
The city's Senior Buy-Out Program: This program cost 730K annually to fund on the pension side, but the city initially saved on the payroll and benefit side.



Fresh Start - Input from City Commission Meeting on June 21, 2006

- ✓ The Board's Actuary, Jose Fernandez came before the commission to seek input on funding FY 2006/2007.
- ✓ There was discussion relating to reducing the city costs at a minimum of 450K up to 900K.
- ✓ The City's Actuary, Michael Tierney said *"If you could afford it, try not to fresh start."*
- ✓ This was after the June 1st property values were reported.
- ✓ The City Commission asked the Board not "fresh start" and the Board agreed and again listen to city input.



Unfunded Liability

- ✓ Since the year 2000, 63% of the unfunded liability in the police plan came as a result of the market downturn.
- ✓ FY 2006/2007 the unfunded liability contribution of the police plan was 5.8 million of the 17 million recently reported in a local publication.
- ✓ UL Breakdown: 762K comes as a result of the city sponsored Senior Buy-Out Program. Furthermore, over 3.8 million is from the market losses we experienced 2001 and 2002. (This equates to 79% of the UL)
- ✓ In other words, the plan's current financial position was NOT created by benefit improvements.