



## STAFF REPORT

To the Honorable Mayor and City Council  
From the City Manager

**DATE:** April 25, 2022

### **SUBJECT**

Actuarial Report regarding impact of proposed changes to terms and conditions of employment for bargaining unit represented by San Mateo County Fire Fighters, International Association of Fire Fighters Local 2400

### **RECOMMENDATION**

By motion, receive and review the findings in the actuarial report reflecting proposed changes to retiree health benefits for employees represented by the San Mateo County Fire Fighters, International Association of Fire Fighters Local 2400.

### **STRATEGIC PLAN GUIDING PRINCIPLE**

Excellence in Government Operations

### **BACKGROUND**

The City of Redwood City provides health benefits in retirement to represented employees who meet certain requirements.

Retiree health benefits are commonly called Other Post-Employment Benefits (OPEB), and the City routinely conducts actuarial studies to determine annual contributions the City must make to fund this long-term benefit, and to assesses the gap between total funding required for the benefit and funds currently set aside.

California Government Code Section 7507 requires the City to secure the services of an actuary to provide a statement of the actuarial impact upon future annual costs, including normal costs and any additional accrued liability, before authorizing changes in public retirement plan benefits or other postemployment

benefits. Additionally, at least two weeks before changes are considered for adoption, the City is required to make public at a public meeting the actuary's determinations.

Employees represented by the San Mateo County Fire Fighters, International Association of Fire Fighters Local 2400 (Association) are currently entitled to retiree health benefits for service retirements and industrial disability retirements.

Under a service retirement, an employee with a minimum of ten years of City service who retires within one hundred twenty days of separation from City employment is entitled to retiree health benefits as follows:

- 1) Tier 1: Employees hired by the City before January 1, 2019, upon retirement from the City, are entitled to a City contribution in the amount of the premium for single party coverage, not to exceed the amount of the CalPERS Bay Area Kaiser premium for family coverage for retirees;
- 2) Tier 2: Employees hired by the City on or after January 1, 2019, upon retirement from the City, are entitled to a City contribution in an amount not to exceed 90% of the CalPERS Bay Area Kaiser Premium for single party coverage for retirees. Upon reaching the age of Medicare eligibility, the City's contribution is reduced to the cost of single party coverage in the Kaiser Permanente Senior Advantage Plan.

These payments exceed the minimum employer contribution required under the Public Employees' Medical & Hospital Care Act (PEMHCA).

An Industrial Disability Retirement (IDR) is available to public safety employees who sustain a work illness or injury which renders the employee substantially incapacitated from performing the usual duties of their position. Currently, employees represented by the Association who retire on an Industrial Disability Retirement are entitled to lifetime medical benefits up to family coverage, if the retiree is not eligible for similar benefits through a spouse's health plan. These payments also exceed the minimum employer contribution required under PEMHCA.

The City is in the process of negotiating new agreements regarding public employee compensation. This includes discussion of the structure of retiree health benefits and the City's retiree health obligations. The City currently has an unfunded liability of \$49.5 million related to retiree health benefits as currently structured.

## ANALYSIS

The City and Association have met and conferred over a successor Memorandum of Understanding (MOU). The City anticipates seeking City Council approval for the successor MOU in May. In the negotiations process, the parties have tentatively agreed to the following changes to retiree health benefits for employees who retire via an Industrial Disability Retirement:

- 1) Effective May 9, 2022, all employees in the bargaining unit, regardless of date of hire, will contribute a cost share in the amount of 1.07% salary toward the current IDR retiree health benefit;
- 2) Employees hired before May 9, 2022 who retire from City via an Industrial Disability Retirement, will be entitled to the current retiree health benefit, which consists of lifetime medical benefits up to family coverage, if the retiree is not eligible for similar benefits through a spouse's health plan.
- 3) Employees hired on or after May 9, 2022 who retire from the City via an Industrial Disability Retirement, will be entitled to receive retiree health medical benefits up to family coverage, if the retiree is not eligible for similar benefits through a spouse's health plan, for the first four years following the Industrial Disability Retirement, and will subsequently revert to Tier 2 service retirement retiree health benefits, which consists of a City contribution in an amount not to exceed 90% of the CalPERS Bay Area Kaiser Premium for single party coverage for retirees. Upon reaching the age of Medicare eligibility, the City's contribution is reduced to the cost of single party coverage in the Kaiser Permanente Senior Advantage Plan.
- 4) For employees hired on or after May 9, 2022, the City will contribute a \$40 per month matching contribution to a Retiree Health Reimbursement Plan account during employment. Since this contribution will occur during employment only, it does not constitute an OPEB, and therefore is not reflected in the attached actuarial analysis. The funding of this portion of the agreement will be discussed when the City Council considers the successor MOU.

The attached report allows the City to comply with the requirements of Government Code Section 7507, subsection (c), in regard to negotiated changes to retiree health benefits for the Association.

Changes to the retiree health benefit described in the attached actuarial report cannot be considered for adoption until two weeks following this meeting. Upon adoption of any changes, the City Manager must acknowledge in writing that they understand the current and future cost of the benefit as determined by the actuary.

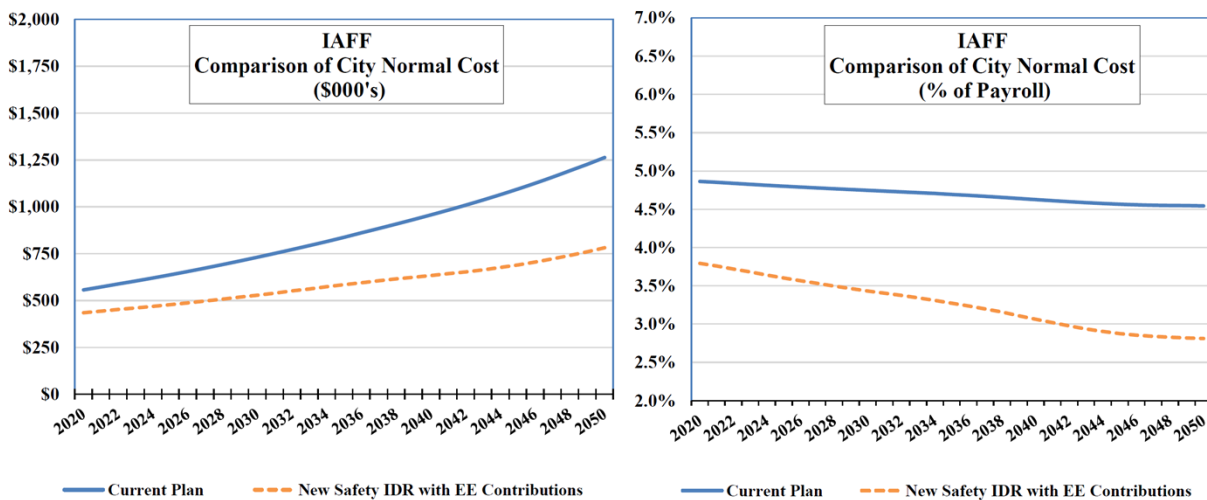
## **FISCAL IMPACT**

The attachment to the staff report provides a total assessment of the impact of the proposed change for the City's costs. The estimated cost impact is based on the June 30, 2019 actuarial valuation methods, assumptions and data. Because the change to the IDR benefit only applies to new hires, there is no impact to the June 2019 OPEB valuation and the City's June 2019 actuarial obligations, which only includes existing active employees and retirees on the valuation date.

The employee contribution of 1.07% of salary will affect both current and future hires. The 1.07% employee contribution is included in the actuarial report to illustrate what the impact would have been on the fiscal year (FY) 2019-20 Actuarially Determined Contribution (ADC) if the 1.07% employee contributions were in effect for active employees at that time. The 1.07% employee contribution would have decreased the City's FY 2019-20 ADC by \$123,000. This amount is projected to grow over time in proportion to increasing salaries.

The actuarial report indicates that the commencement of employee contributions are projected to reduce the City's future normal cost in the first year of implementation by \$123,000, and this amount increases over time. In addition, the reduced IDR benefit is projected to reduce future normal costs for new hires when they are hired. Over a thirty year period, the City's normal cost for the Fire IDR retiree health benefit is projected to decrease by \$467,000, or approximately 38% compared with the thirty year projections for the current plan's normal cost. This change in the benefit will help the City to reduce its OPEB obligations over time.

Below are charts of the City's estimated normal cost over 30 years, comparing current plan costs to new costs (after employee contributions).



As displayed in the charts above, there is an immediate savings for the City due to cost-sharing by the employees, as well as future savings as the City's current retiree health unfunded liability of \$49.5 million is reduced over time and related costs decrease. This reduction will help ease pressure on the General Fund to pay for retirement-related benefits for current and former employees.

California Government Code Section 7507 requires a certified actuary to be present at any City Council meeting that considers any employee benefit change(s), if the future costs of the change(s) exceed one-half of one percent of the future annual costs. Since the proposed changes **reduce** the City's annual cost, a certified actuary is not required to be present.

## ENVIRONMENTAL REVIEW

This activity is not a project under California Environmental Quality Act (CEQA) as defined in CEQA Guidelines, section 15378, because it has no potential for resulting in either a direct or reasonably foreseeable indirect physical change in the environment.

## **PUBLIC NOTICE**

Public notification was achieved by posting the agenda, with the agenda items being listed, at least 72 hours prior to the meeting.

## **ALTERNATIVES**

This agenda item provides disclosure that is required by State law; there is no alternative to providing this report. Separately, the City Council provides direction to the City's bargaining team in closed session. Once tentative agreements are reached with employee organizations, the City Council considers them in open session at a City Council meeting.

## **ATTACHMENTS**

Attachment A – Redwood City Safety IDR Alternative Benefit Costing, April 12, 2022

Attachment B – Letter from Doug Pryor, Vice President of Bartel and Associates, to Derek Rampone Re: Retiree Healthcare Plan – Benefit Changes for IAFF

## **REPORT PREPARED BY:**

Laurel Blaemire, Annuitant - Senior Human Resources Analyst  
lblaemire@redwoodcity.org  
(650) 780-7283

## **APPROVED BY:**

Michelle Katsuyoshi, Human Resources Director  
Melissa Stevenson Diaz, City Manager

## REDWOOD CITY

**IMPACT OF 4 YEARS IDR FAMILY BENEFIT, THEN TIER 2 BENEFIT – IAFF****Background**

Generally, the City's current OPEB plan pays for single coverage for retirees (limited to 90%/100% of Kaiser premiums for tier 2 employees), with family coverage (up to Kaiser cap) for Safety disability retirees. Surviving spouse benefits are the PEMHCA minimum (\$143/ month in 2021).

The City has requested an analysis of Safety IDR family benefits reducing after 4 years to the Tier 2 benefit caps of 90% Kaiser single premium pre-65 and 100% of the Kaiser Senior Advantage single premium post-65. This benefit change would apply to new hires only, however both current and future Safety actives would begin paying employee contributions of 1.07% of salary.

Our analysis is based on the June 30, 2019 OPEB valuation.

**Valuation Results**

Following is the impact of the benefit change on the June 30, 2019 OPEB valuation results for the International Association of Fire Fighters Local 2400 (IAFF). Since valuation results only include actives and retirees who are not affected by the Safety IDR benefit change, there is no impact on the valuation actuarial obligations. The proposed 1.07% employee contribution is included to illustrate what the impact on the City's Actuarial Determined Contribution (ADC) would have been if the employee contributions were in effect at the time of the valuation.

*Funded Status*

(amounts in \$000's)

	IAFF		
	Current Plan	New Safety IDR with EE Contributions	Impact
■ <b>6/30/19 Present Value of Benefits</b>			
• Actives	\$ 11,917	\$ 11,917	\$ -
• Retirees	<u>7,738</u>	<u>7,738</u>	-
• Total	19,655	19,655	-
■ <b>6/30/19 Actuarial Accrued Liability (AAL)</b>			
• Actives	\$ 6,136	\$ 6,136	\$ -
• Retirees	<u>7,738</u>	<u>7,738</u>	-
• Total	13,874	13,874	-
■ <b>6/30/19 Actuarial Value of Assets</b>	<u>(6,149)</u>	<u>(6,149)</u>	-
■ <b>6/30/19 Unfunded AAL</b>	7,725	7,725	-



April 12, 2022





# REDWOOD CITY

## IMPACT OF 4 YEARS IDR FAMILY BENEFIT, THEN TIER 2 BENEFIT – IAFF

*Actuarial Determined Contributions*  
(amounts in \$000's)

	IAFF		
	Current Plan	New Safety IDR with EE Contributions	Impact
■ <b>2019/20 Actuarially Determined Contribution</b>			
• Normal Cost	\$ 557	\$ 557	\$ -
• Employee Contributions	<u>(0)</u>	<u>(123)</u>	<u>(123)</u>
• City Normal Cost	557	434	(123)
• Amortization of Unfunded AAL	<u>568</u>	<u>568</u>	<u>-</u>
• Total	1,125	1,002	(123)
■ <b>2019/20 Projected Payroll</b>	11,455	11,455	-
■ <b>2019/20 ADC as a % of Projected Payroll</b>			
• Normal Cost	4.9%	4.9%	-
• Proposed Employee Contributions	<u>(0.0%)</u>	<u>(1.07%)</u>	<u>(1.07%)</u>
• City Normal Cost	4.9%	3.8%	(1.07%)
• Amortization of Unfunded AAL	<u>5.0%</u>	<u>5.0%</u>	<u>-</u>
• Total City ADC	9.9%	8.8%	(1.07%)

### Projections

The proposed changes to the Safety IDR benefit would not impact results of the City's June 30, 2019 OPEB valuation. Instead, they would impact the normal costs for future hires. The normal cost measures the annual cost of active benefits being "earned" (allocated on an actuarial basis) in the coming year. Following is a projection of the City's retiree healthcare normal cost for IAFF (in thousands of dollars and as a percent of payroll) under the current plan and under the proposed change to the Safety IDR benefit, including the impact of 1.07% employee contributions. Because the change in the Safety IDR benefit would reduce City-paid medical costs for future Safety industrial disability retirees, future normal costs would decrease over time as the current active employees eligible for the current Safety IDR benefit with full family coverage are replaced by new hires eligible for the reduced Safety IDR benefit. The commencement of employee contributions further reduces the City's normal cost. Note that under the Entry Age normal cost method used for this valuation, normal costs are calculated as a level percentage of payroll and are expected to increase as a dollar amount in proportion to increasing payroll each year.

Note there is a "Tier 2" in both the Current Plan and New Safety IDR columns. Tier 2 in the current plan includes employees hired after certain dates, which vary by bargaining group, whose service retirement OPEB benefit will be capped at 90% of the Kaiser single premium pre-65 and 100% of the Kaiser Senior Advantage single premium post-65. Tier 2 in the New Safety IDR columns include those same employees, but with the proposed reduction in the Safety IDR benefit.



April 12, 2022



# REDWOOD CITY

## IMPACT OF 4 YEARS IDR FAMILY BENEFIT, THEN TIER 2 BENEFIT – IAFF

Fiscal Year	Normal Cost Projection - \$000's								Impact
	Current Plan			New Safety IDR with Employee Contributions					
	Tier 1	Tier 2	City Normal Cost	Tier 1	Tier 2	Total Normal Cost	Employee Contrib.	City Normal Cost	
2019/20	\$557	\$ -	\$557	\$557	\$ -	\$557	\$(123)	\$434	\$(123)
2020/21	553	19	572	553	17	570	(126)	444	(128)
2021/22	548	40	588	548	34	582	(130)	452	(136)
2022/23	540	64	604	540	55	595	(134)	461	(143)
2023/24	531	90	621	531	76	607	(138)	469	(152)
2024/25	521	116	637	521	99	620	(142)	478	(159)
2025/26	513	142	655	513	121	634	(146)	488	(167)
2026/27	505	168	673	505	143	648	(151)	497	(176)
2027/28	494	197	691	494	168	662	(155)	507	(184)
2028/29	486	225	711	486	191	677	(160)	517	(194)
:	:	:	:	:	:	:	:	:	:
2038/39	306	626	932	306	533	839	(215)	624	(308)
:	:	:	:	:	:	:	:	:	:
2048/49	27	1,200	1,227	27	1,022	1,049	(289)	760	(467)

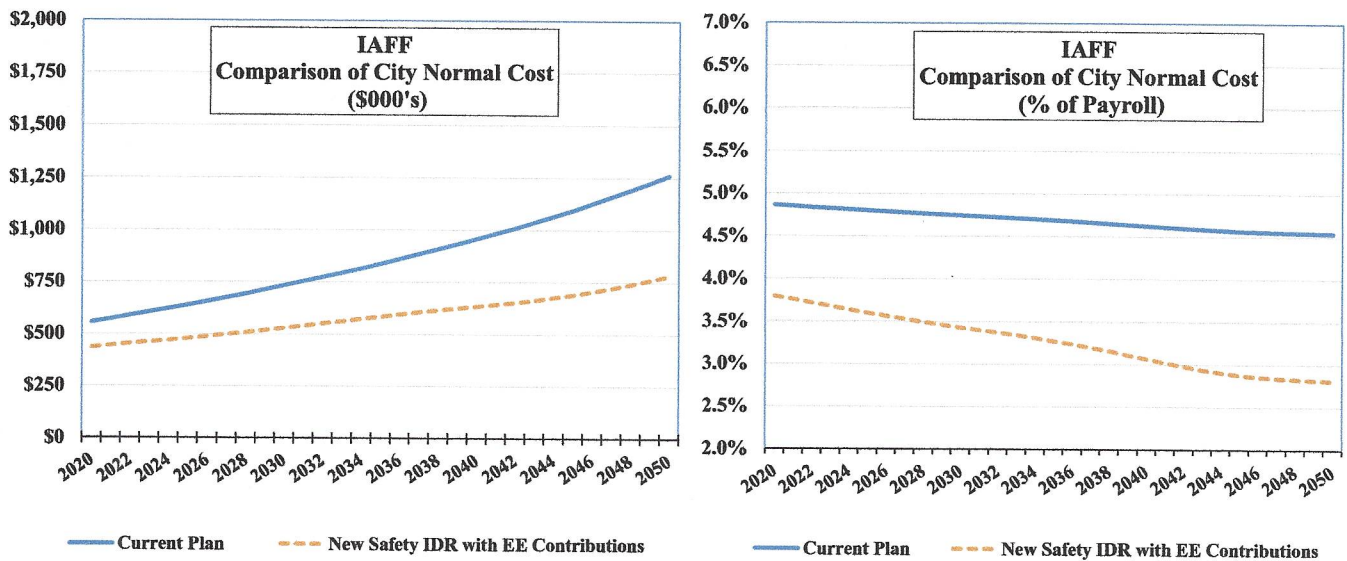
Fiscal Year	Normal Cost Projection - % of Payroll								Impact
	Current Plan			New Safety IDR with Employee Contributions					
	Tier 1	Tier 2	City Normal Cost	Tier 1	Tier 2	Total Normal Cost	Employee Contrib.	City Normal Cost	
2019/20	4.9%	n/a	4.9%	4.9%	n/a	4.9%	(1.07%)	3.8%	(1.1%)
2020/21	4.9%	4.5%	4.9%	4.9%	3.9%	4.8%	(1.07%)	3.8%	(1.1%)
2021/22	4.9%	4.5%	4.8%	4.9%	3.9%	4.8%	(1.07%)	3.7%	(1.1%)
2022/23	4.9%	4.5%	4.8%	4.9%	3.9%	4.8%	(1.07%)	3.7%	(1.1%)
2023/24	4.9%	4.5%	4.8%	4.9%	3.9%	4.7%	(1.07%)	3.6%	(1.2%)
2024/25	4.9%	4.5%	4.8%	4.9%	3.9%	4.7%	(1.07%)	3.6%	(1.2%)
2025/26	4.9%	4.5%	4.8%	4.9%	3.9%	4.6%	(1.07%)	3.6%	(1.2%)
2026/27	4.9%	4.5%	4.8%	4.9%	3.9%	4.6%	(1.07%)	3.5%	(1.2%)
2027/28	4.9%	4.5%	4.8%	4.9%	3.9%	4.6%	(1.07%)	3.5%	(1.3%)
2028/29	4.9%	4.5%	4.8%	4.9%	3.9%	4.5%	(1.07%)	3.5%	(1.3%)
:	:	:	:	:	:	:	:	:	:
2038/39	4.9%	4.5%	4.6%	4.9%	3.9%	4.2%	(1.07%)	3.1%	(1.5%)
:	:	:	:	:	:	:	:	:	:
2048/49	4.9%	4.5%	4.5%	4.9%	3.9%	3.9%	(1.07%)	2.8%	(1.7%)



# REDWOOD CITY

## IMPACT OF 4 YEARS IDR FAMILY BENEFIT, THEN TIER 2 BENEFIT – IAFF

Following are charts of the City Normal Costs (after reduction for any employee contributions) from the tables above.



### Basis of Calculations

Results are based on the June 30, 2019 OPEB valuation, including census data and actuarial methods and assumptions. Our projections assume current plan participants age, terminate employment, and retire in accordance with our assumptions, and are replaced with new hires with similar demographics. The total active population is assumed to remain level, with payroll increasing by 3% per year. Assets are allocated to bargaining groups based on the June 30, 2019 Actuarial Accrued Liability.

### Actuarial Certification

This exhibit contains actuarial calculations for the purpose of assisting the City of Redwood City with the retiree medical plan's financial management. The calculations are not appropriate for plan funding or financial reporting purposes. Future results may differ significantly if the plan's experience differs from our assumptions or if there are changes in plan design, actuarial methods or actuarial assumptions. We are members of the American Academy of Actuaries and meet the Academy Qualification Standards to issue the actuarial opinion in this exhibit.

Respectfully submitted,

Doug Pryor, ASA, EA, MAAA  
Vice President, Bartel Associates LLC

Catherine A. Wandro, ASA, MAAA, FCA  
Assistant Vice President, Bartel Associates LLC



April 12, 2022

Derek Rampone  
Financial Services Manager  
**City of Redwood City**  
1017 Middlefield Road  
Redwood City, CA 94063

**Re: Retiree Healthcare Plan - Benefit Changes for IAFF**

Dear Mr. Rampone:

Section 7507 of the California Government Code requires agencies obtain a statement of actuarial opinion regarding the cost impact of retiree healthcare plan benefit changes. The City of Redwood City has requested that Bartel Associates, LLC provide an actuarial opinion regarding the impact of proposed changes related to retiree healthcare benefits for the International Association of Fire Fighters Local 2400 (IAFF).

***Summary of Proposed Benefit Changes***

The City currently provides healthcare benefits to eligible IAFF employees who retire directly from the City under CalPERS. The City participates in the CalPERS medical program (PEMHCA). For eligible Tier 1 service retirees, the City pays the single monthly medical premiums up to the Region 1 Kaiser family premium pre-65 and the Kaiser Senior Advantage family premium post-65. IAFF employees hired after January 1, 2019 receive the Tier 2 benefit at retirement, with the City paying the single monthly medical premiums up to 90% of the Region 1 Kaiser single premium pre-65 and 100% of the Kaiser Senior Advantage single premium post-65. For IAFF employees in Tiers 1 and 2 who retire under industrial disability (IDR), the City pays for family coverage up to the Region 1 Kaiser family premium pre-65 and the Kaiser Senior Advantage family premium post-65. The City pays the PEMHCA minimum (\$143/month in 2021) to retirees not meeting the plan eligibility requirements and to surviving spouses.

Under the proposed benefit change, the IDR benefit of family coverage would reduce 4 years after disability retirement to the Tier 2 single coverage with caps of 90% of the Region 1 Kaiser single premium pre-65 and 100% of the Kaiser Senior Advantage single premium post-65. The IDR benefit change would only apply to new hires. In addition, all employees (current and new hires) would begin paying employee contributions of 1.07% of salary.

***Cost of Changes***

Our estimated cost impact is based on our June 30, 2019 actuarial valuation methods, assumptions, and data, including:

- 6.75% discount rate
- Terminations, disabilities and retirements in accordance with CalPERS 1997-2015 Experience Study
- Plan assets allocated to IAFF based on the June 30, 2019 Actuarial Accrued Liability
- 74 IAFF active employees and 53 IAFF retirees receiving benefits.





Because the change to the IDR benefit only applies to new hires, there is no impact to the June 30, 2019 OPEB valuation which only includes actives and retirees on the valuation date. Only the employee contributions of 1.07% of salary will affect both current and future hires.

The following table shows there is no impact on the City's June 30, 2019 actuarial obligations due to the IDR benefit change. The 1.07% employee contribution is included to illustrate what the impact would have been on the 2019/20 Actuarially Determined Contribution if the 1.07% employee contributions were in effect at that time.

<b>Retiree Healthcare Plan - IAFF</b> (Amounts in \$000's)			
	<b>Before any Changes</b>	<b>After Proposed Changes</b>	<b>Increase/ (Decrease)</b>
■ June 30, 2019 Present Value of Projected Benefits	\$ 19,655	\$ 19,655	\$ -
■ June 30, 2019 Funded Status			
• Actuarial Accrued Liability (AAL)	13,874	13,874	-
• Actuarial Value of Plan Assets	<u>(6,149)</u>	<u>(6,149)</u>	<u>-</u>
• Unfunded AAL	7,725	7,725	-
■ 2019/20 ADC - \$			
• Normal Cost	557	557	-
• Proposed Employee Contributions	<u>0</u>	<u>(123)</u>	<u>(123)</u>
• City Normal Cost	557	434	(123)
• Amortization of Unfunded AAL	<u>568</u>	<u>568</u>	<u>-</u>
• City ADC	1,125	1,002	(123)

The Present Value of Projected Benefits represents the amount needed as of the valuation date to pay all future benefits for current members if all assumptions are met. The Actuarial Accrued Liability represents the portion of the Present Value of Projected Benefits that participants have earned (on an actuarial, not actual, basis) through the valuation date. The City's Actuarially Determined Contribution (ADC) is equal to the employer Normal Cost (the value of benefits earned during the year), plus an amortization payment on the unfunded liability (Actuarial Accrued Liability less Plan assets).

While the proposed change to the IDR benefit does not impact the City's June 30, 2019 OPEB valuation results, it would impact the future normal costs for new hires, when they are hired. The normal cost measures the annual cost of active benefits being "earned" (allocated on an actuarial basis) in the coming year. Because the change in the Safety IDR benefit would reduce City-paid medical costs for future Safety industrial disability retirees, future normal costs would decrease over time as the active employees eligible for the current Safety IDR benefit with full family coverage are replaced by new hires eligible for the reduced Safety IDR benefit. The commencement of employee contributions further reduces the City's future normal cost. Note that under the Entry Age normal cost method used for this valuation, normal costs are calculated as a level % of payroll and are expected to increase as a dollar amount in proportion to increasing salary each year. Following are projections of the City's future retiree healthcare normal cost for IAFF (in thousands of



dollars and as a percent of payroll) under the current plan and under the proposed change to the IDR benefit, including the impact of the 1.07% employee contributions.

Fiscal Year	City Normal Cost Projection - \$000's				
	Before Any Changes	After Proposed Changes			Increase/ (Decrease)
		Total Normal Cost	Employee Contrib.	City Normal Cost	
2019/20	\$557	\$557	\$(123)	\$434	\$(123)
2020/21	572	570	(126)	444	(128)
2021/22	588	582	(130)	452	(136)
2022/23	604	595	(134)	461	(143)
2023/24	621	607	(138)	469	(152)
2024/25	637	620	(142)	478	(159)
2025/26	655	634	(146)	488	(167)
2026/27	673	648	(151)	497	(176)
2027/28	691	662	(155)	507	(184)
2028/29	711	677	(160)	517	(194)
:	:	:	:	:	:
2038/39	932	839	(215)	624	(308)
:	:	:	:	:	:
2048/49	1,227	1,049	(289)	760	(467)

Fiscal Year	City Normal Cost Projection - % of Payroll				
	Before Any Changes	After Proposed Changes			Increase/ (Decrease)
		Total Normal Cost	Employee Contrib.	City Normal Cost	
2019/20	4.9%	4.9%	(1.07%)	3.8%	(1.1%)
2020/21	4.9%	4.8%	(1.07%)	3.8%	(1.1%)
2021/22	4.8%	4.8%	(1.07%)	3.7%	(1.1%)
2022/23	4.8%	4.8%	(1.07%)	3.7%	(1.1%)
2023/24	4.8%	4.7%	(1.07%)	3.6%	(1.2%)
2024/25	4.8%	4.7%	(1.07%)	3.6%	(1.2%)
2025/26	4.8%	4.6%	(1.07%)	3.6%	(1.2%)
2026/27	4.8%	4.6%	(1.07%)	3.5%	(1.2%)
2027/28	4.8%	4.6%	(1.07%)	3.5%	(1.3%)
2028/29	4.8%	4.5%	(1.07%)	3.5%	(1.3%)
:	:	:	:	:	:
2038/39	4.6%	4.2%	(1.07%)	3.1%	(1.5%)
:	:	:	:	:	:
2048/49	4.5%	3.9%	(1.07%)	2.8%	(1.7%)

The projections above assume current plan participants age, terminate employment, and retire in accordance with the June 30, 2019 valuation actuarial assumptions, and are replaced with new hires with similar demographics. The total active population is assumed to remain level, with payroll increasing 3% per year.





### ***Conclusion***

The City's future actuarial cost would decrease due to the proposed benefit changes.

Information provided in this report is for the City's management purposes. Future results may differ significantly if the Plan or City's experience differs from our assumptions or if there are changes in plan design or actuarial assumptions. The project scope did not include an analysis of this potential variation. Our calculations are based on benefit provisions, participant data, and actuarial assumptions, and other information provided by the City as summarized in this letter and our June 30, 2019 actuarial valuation report. This study was conducted using generally accepted actuarial principles and practices. I am a member of the American Academy of Actuaries and meet the Academy Qualification Standards to issue the actuarial opinion in this report.

Bartel Associates is not a law firm and we are not qualified to render a legal opinion.

Please contact me ([dprior@bartel-associates.com](mailto:dprior@bartel-associates.com)) with any questions about this information.

Sincerely,

Doug Pryor, ASA, MAAA, EA  
Vice President

O:\Clients\City of Redwood City\Projects\OPEB\6-30-19 Valuation\Reports\BA RedwoodCi 22-04-12 Letter -7507 - Impact of Safety IDR Changes - IAFF.docx