

## Pension Reform Impact

**Net Pension Liability (NPL)** – The historic Pension Reform reduced the City’s NPL in half (\$4.03B) in FY18. In FY20, the NPL had grown to (\$4.94B) due to a deterioration in assets as a result of the COVID-19 related market downturn. However, due to the exceptional year of the market investment returns for FY21 the NPL was reduced significantly.

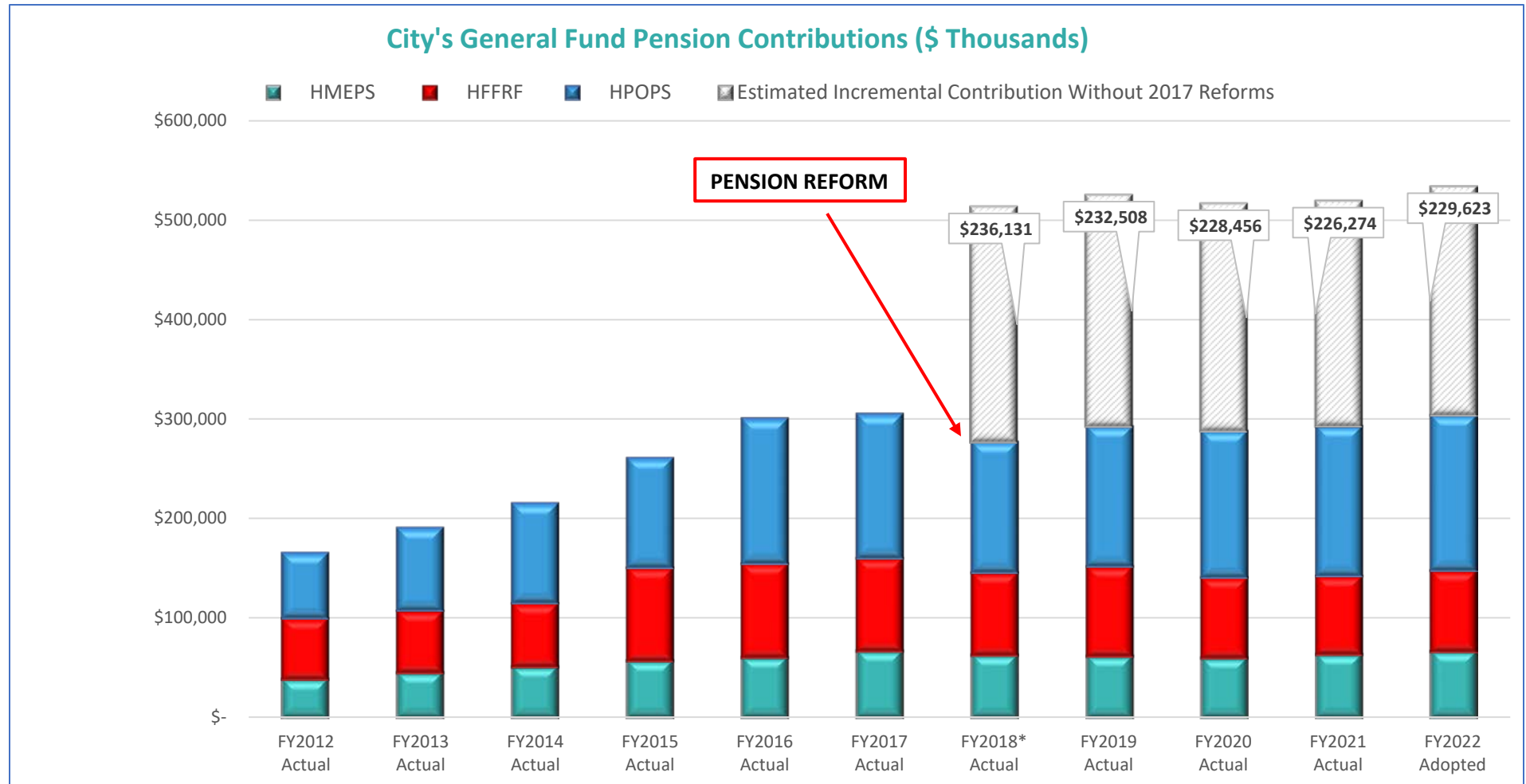
Net Pension Liability				
(\$ billions)	Municipal	Police	Fire	Total
Fiscal Year 2018 Liability Without Reform	3.18	3.44	1.59	8.21
Fiscal Year 2018 Liability Post-Reform	2.12	1.26	0.64	4.03
Fiscal Year 2019	2.14	1.25	0.69	4.07
Fiscal Year 2020	2.45	1.51	0.98	4.94
Fiscal Year 2021	1.57	0.21	(0.29)	1.49
Increase/(Decrease) (FY2021 compared to FY2020)	<b>(0.88)</b>	<b>(1.30)</b>	<b>(1.27)</b>	<b>(3.45)</b>
Increase/(Decrease) (FY2021 compared to FY2018 Without Reform)	<b>(1.61)</b>	<b>(3.23)</b>	<b>(1.88)</b>	<b>(6.72)</b>

**Funded Ratio** – The Funded Ratio indicator of the systems has consistently improved or remained stable for the Systems since the reform and had a more than normal increase for FY21, again due to great market investment returns of the systems. All Systems reported final returns **over 30%** for FY21.

Actuarial Funded Ratio			
Fiscal Year	Municipal	Police	Fire
2016	56%	78%	81%
2017	56%	78%	80%
2018	58%	79%	81%
2019	59%	82%	83%
2020	59%	82%	86%
2021	63%	85%	93%

**Note: Funded Ratio above is calculated based on Actuarial value of Assets and not the Fair Value of Assets. Funded Ratio based on Fair value of Assets will be greater than that stated in table above.**

**Estimated Incremental Contributions (without Pension reforms)** – The historic Pension reform not only reduced the City’s NPL by more than half but also reduced the City’s operational pension costs as depicted below.



	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
HMEPS	\$38,662	\$45,219	\$51,106	\$56,813	\$60,221	\$66,750	\$62,526	\$61,641	\$59,768	\$63,298	\$66,020
HFRRF	\$61,204	\$62,141	\$63,758	\$93,407	\$94,121	\$92,958	\$82,940	\$89,902	\$80,760	\$78,787	\$81,523
HPOPS	\$65,701	\$83,526	\$100,614	\$110,727	\$146,216	\$145,646	\$131,645	\$141,096	\$147,487	\$150,722	\$156,435
Pension Contributions	\$165,566	\$190,886	\$215,478	\$260,948	\$300,558	\$305,354	\$277,112	\$292,639	\$288,015	\$292,807	\$303,978
<b>Estimated Incremental Contributions without 2017 Reforms</b>							<b>\$236,131</b>	<b>\$232,508</b>	<b>\$228,456</b>	<b>\$226,274</b>	<b>\$229,623</b>
<b>Total Estimated Contribution without 2017 Reforms</b>							<b>\$513,243</b>	<b>\$525,147</b>	<b>\$516,471</b>	<b>\$519,081</b>	<b>\$533,600</b>

# Other Post-Employment Benefits (OPEB) Reform Impact

**Net OPEB Liability (NOL)** – The OPEB Reform is projected to reduce the City’s NOL to half (\$4.6B) over 30 years. Similar to the Pension Reform, the Mayor’s changes on OPEB are lifting another significant financial barrier for the city. This reform will enhance the City’s financial viability and stability.

Net OPEB Liability	
(\$ billions)	Total
Fiscal Year 2020	2.2
Fiscal Year 2021	2.6
Increase/(Decrease) (FY2021 compared to FY2020)	0.4
<b>Pre-Reform Liability Projections over next 30 years (2048)</b>	<b>9.1</b>
<b>Post-Reform Liability Projections over next 30 years (2048)</b>	<b>4.5</b>
<b>Projected Savings</b>	<b>4.6</b>

Pre-Reform Liability Projection



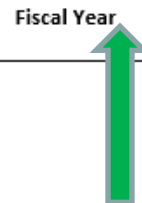
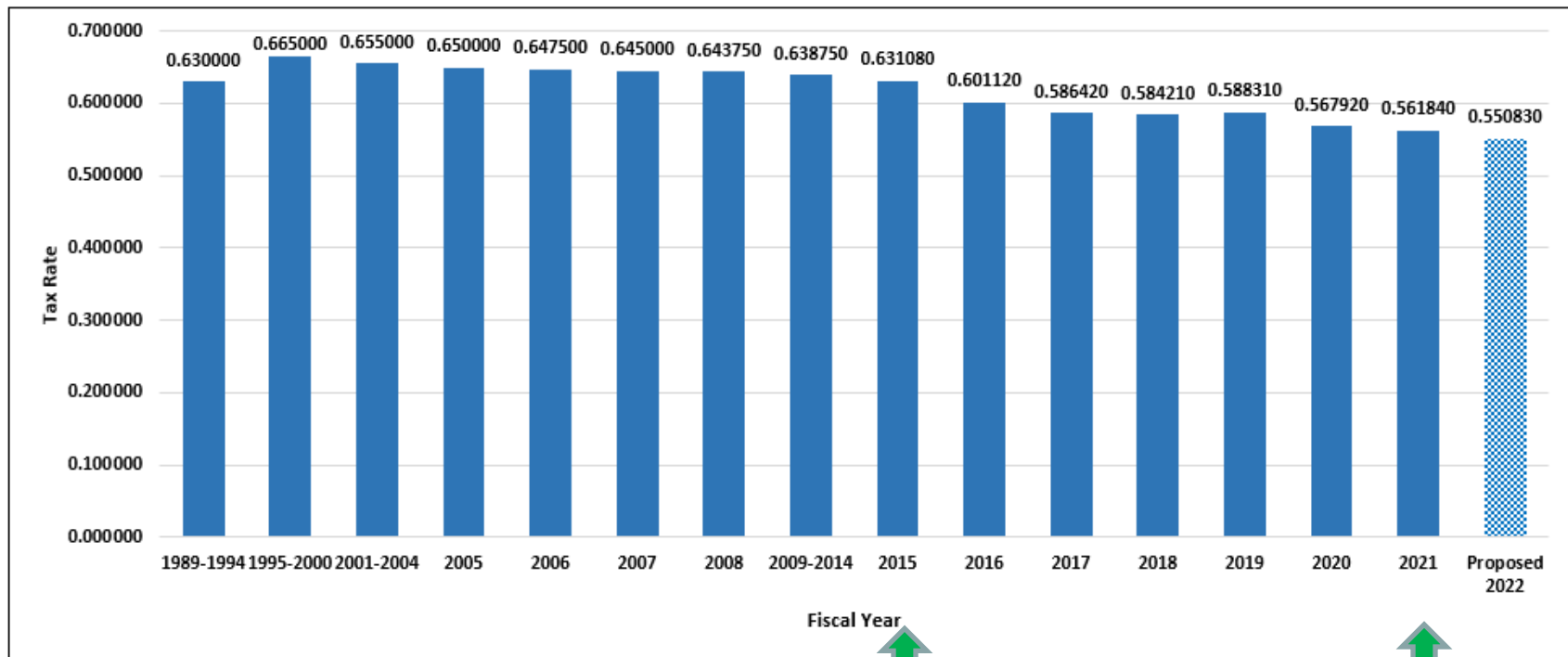
Post-Reform Liability Projection





# Historical Property Tax Rates

- Fiscal Year 2015 was the first year that the City was impacted by Prop 1 + H and Fiscal Year 2021 was the first year that the City was impacted by the SB2 cap, which has resulted in the year over year lowering of the property tax rate.



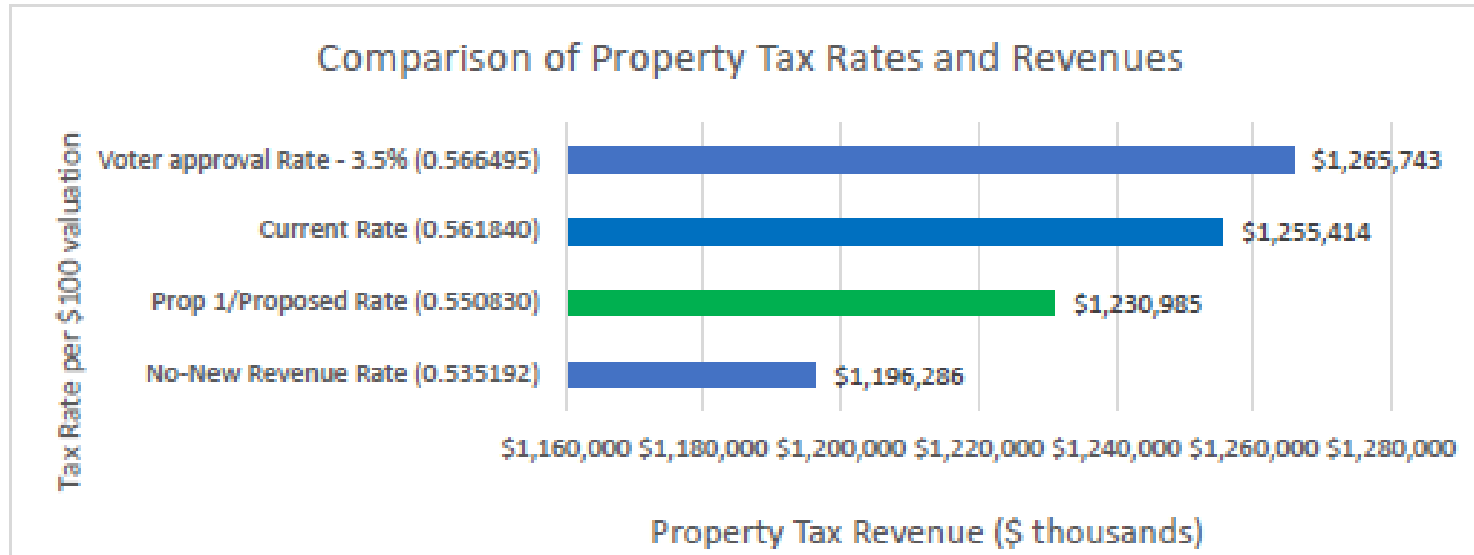
Prop 1 + H



SB2



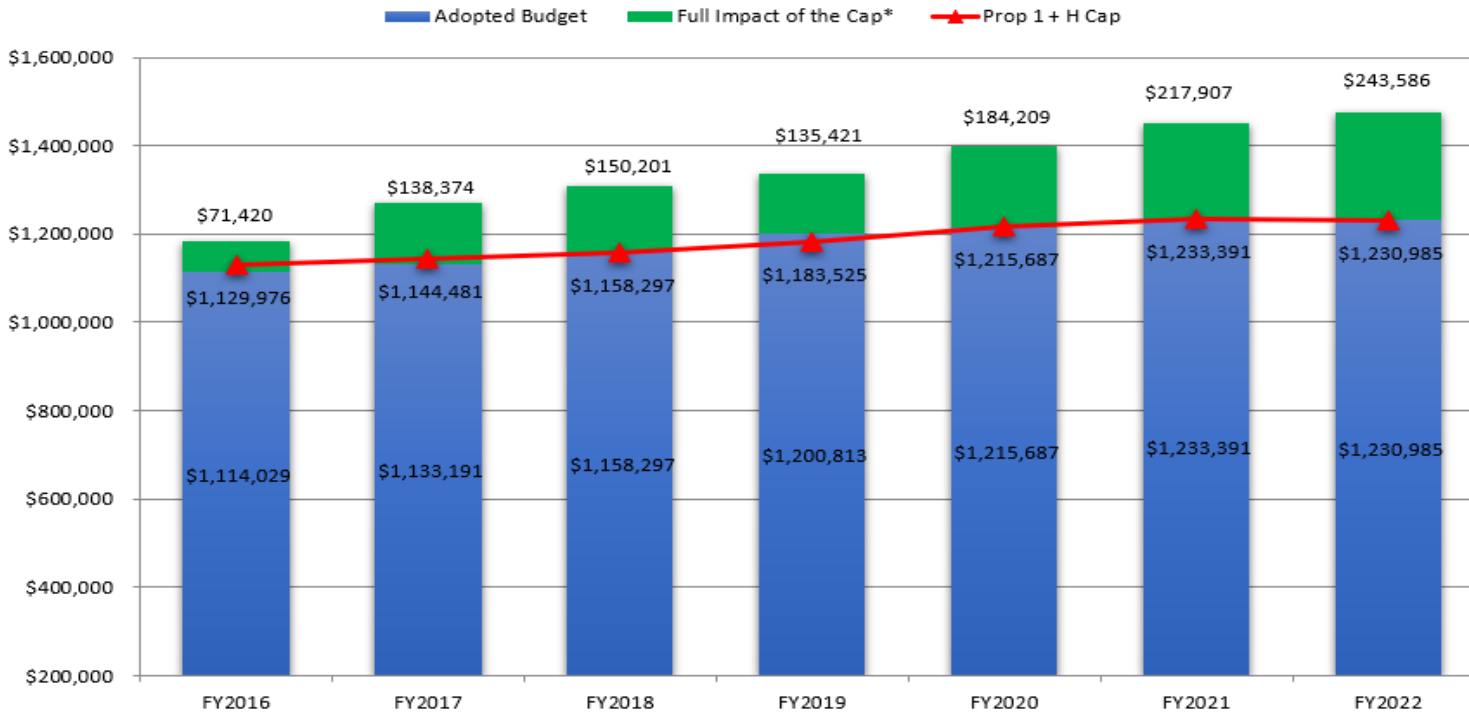
# Tax Year 2021/Fiscal Year 2022 Proposed Rates



Tax Rate Comparison	Tax Rate (\$ per \$100 valuation)	Property Tax Revenue (\$ Thousands)	Variance from FY22 Budget (\$ Thousands)
Voter Approval Rate - 3.5%	0.566495	\$ 1,265,743	\$ 34,758
Current Rate	0.561840	\$ 1,255,414	\$ 24,429
<b>Prop 1/Proposed Rate</b>	<b>0.550830</b>	<b>\$ 1,230,985</b>	<b>\$ -</b>
No-New Revenue Tax Rate	0.535192	\$ 1,196,286	\$ (34,699)



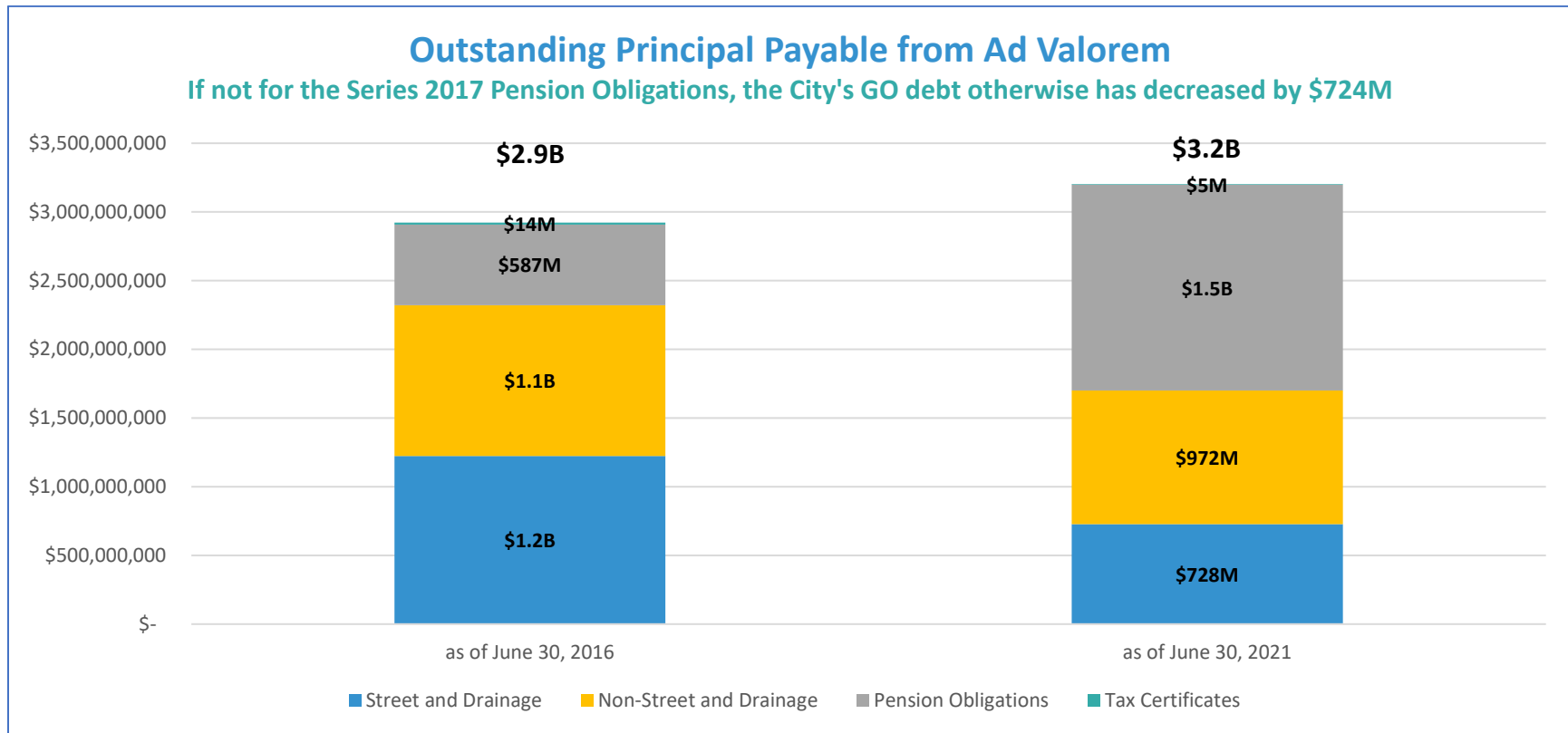
# Adopted Budget vs. Charter Cap



Property Tax Revenue	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Adopted Budget	\$ 1,114,029	\$ 1,133,191	\$ 1,158,297	\$ 1,200,813	\$ 1,215,687	\$ 1,233,391	\$ 1,230,985
Prop 1 + H Cap	\$ 1,129,976	\$ 1,144,481	\$ 1,158,297	\$ 1,183,525	\$ 1,215,687	\$ 1,233,391	\$ 1,230,985
Full Impact of the Cap*	\$ 71,420	\$ 138,374	\$ 150,201	\$ 135,421	\$ 184,209	\$ 217,907	\$ 243,586

- Since FY2015, the full impact of the property tax revenue cap is estimated at \$1.16 billion.
- Calculation of the Full Impact of the Cap is based on the FY2014 tax rate of 63.875 cents per \$100 of assessed valuation.

# GO Debt Status (2016 vs Now)



	As of June 30, 2016	As of June 30, 2021	Increase/(Decrease)
Tax Bonds	\$ 2,320,605,000	\$ 1,700,310,000	\$ (620,295,000)
Street and Drainage	\$ 1,223,784,040	\$ 728,346,840	\$ (495,437,200)
Non-Street and Drainage	\$ 1,096,820,960	\$ 971,963,160	\$ (124,857,800)
Pension Obligations	\$ 587,375,000	\$ 1,497,630,000	\$ 910,255,000
Tax Certificates	\$ 13,630,010	\$ 4,807,686	\$ (8,822,324)
	<b>\$ 2,921,610,010</b>	<b>\$ 3,202,747,686</b>	<b>\$ 281,137,676</b>
		POB Series 2017	\$ 1,005,145,000
		<b>Increase/(Decrease) in debt since 2016 excluding 2017 POB</b>	<b>\$ (724,007,324)</b>

# General Fund Pay Raise Impact

\$ in Thousands



		FY2022	FY2023	FY2024	FY2025	Total	Pay Increase %	Council Approval
Fire	FY2022	20,654	20,654	20,654	20,654	<b>82,618</b>	6% - 6% - 6% (18% over 3 years)	6/30/2021
	FY2023	-	19,214	19,214	19,214	<b>57,643</b>		
	FY2024	-	-	21,174	21,174	<b>42,347</b>		
	FY2025	-	-	-	-	-		
	<b>Total</b>	<b>20,654</b>	<b>39,869</b>	<b>61,043</b>	<b>61,043</b>	<b>182,608</b>		
	<b>Increment</b>	<b>20,654</b>	<b>19,214</b>	<b>21,174</b>	<b>-</b>			

% over 3 years

		FY2022	FY2023	FY2024	FY2025	Total	Pay Increase %	Council Approval
Municipal	FY2022	6,385	6,385	6,385	6,385	<b>25,539</b>	3% - 3% - 3% (9% over 3 years)	8/4/2021
	FY2023	-	11,050	11,050	11,050	<b>33,150</b>		
	FY2024	-	-	9,411	9,411	<b>18,822</b>		
	FY2025	-	-	-	-	-		
	<b>Total</b>	<b>6,385</b>	<b>17,435</b>	<b>26,845</b>	<b>26,845</b>	<b>77,510</b>		
	<b>Increment</b>	<b>6,385</b>	<b>11,050</b>	<b>9,411</b>	<b>-</b>			

		FY2022	FY2023	FY2024	FY2025	Total	Pay Increase %	Council Approval
Police	FY2022	-	-	-	-	-	4% - 3% - 3.5% (10.5% over 3 years)	3/23/2022
	FY2023	-	22,988	22,988	22,988	<b>68,964</b>		
	FY2024	-	-	17,447	17,447	<b>34,894</b>		
	FY2025	-	-	-	21,493	<b>21,493</b>		
	<b>Total</b>	<b>-</b>	<b>22,988</b>	<b>40,435</b>	<b>61,928</b>	<b>125,351</b>		
	<b>Increment</b>	<b>-</b>	<b>22,988</b>	<b>17,447</b>	<b>21,493</b>			

		FY2022	FY2023	FY2024	FY2025	Total
Total	FY2022	27,039	27,039	27,039	27,039	<b>108,157</b>
	FY2023	-	53,252	53,252	53,252	<b>159,756</b>
	FY2024	-	-	48,032	48,032	<b>96,063</b>
	FY2025	-	-	-	21,493	<b>21,493</b>
	<b>Total</b>	<b>27,039</b>	<b>80,291</b>	<b>128,323</b>	<b>149,816</b>	<b>385,470</b>
	<b>Increment</b>	<b>27,039</b>	<b>53,252</b>	<b>48,032</b>	<b>21,493</b>	

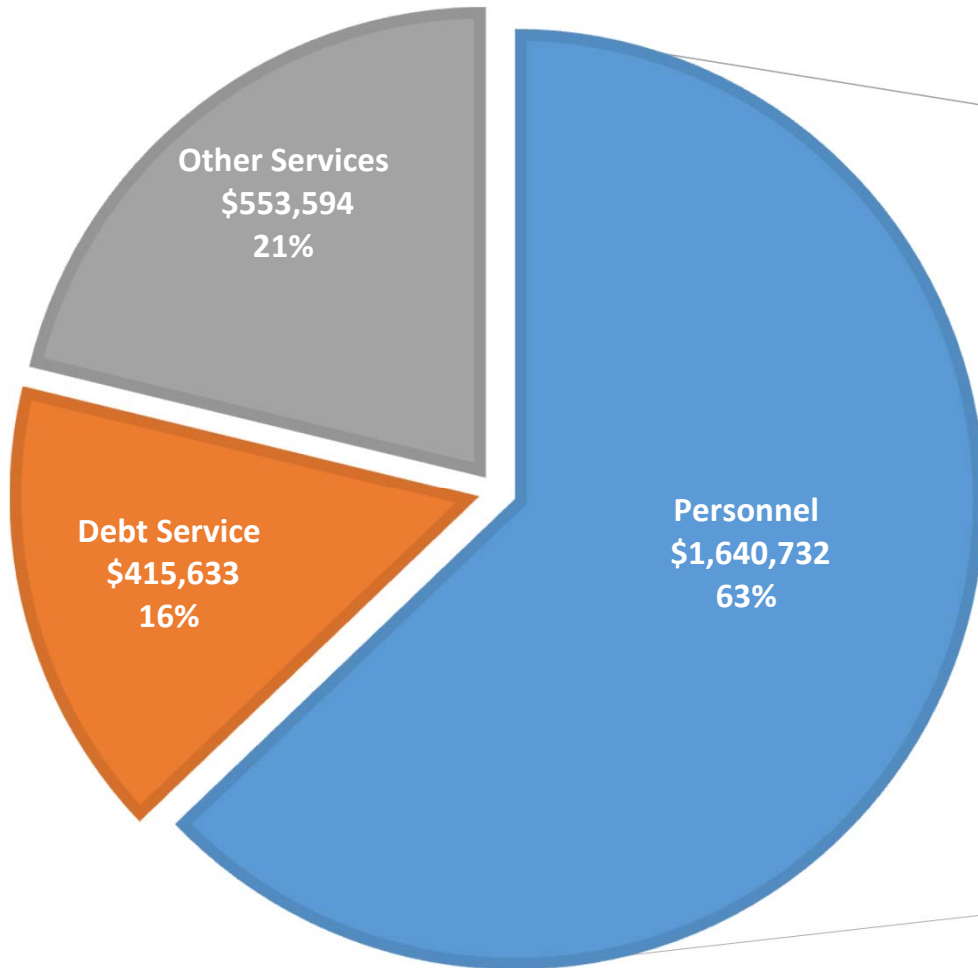


# General Fund Personnel vs Non-Personnel

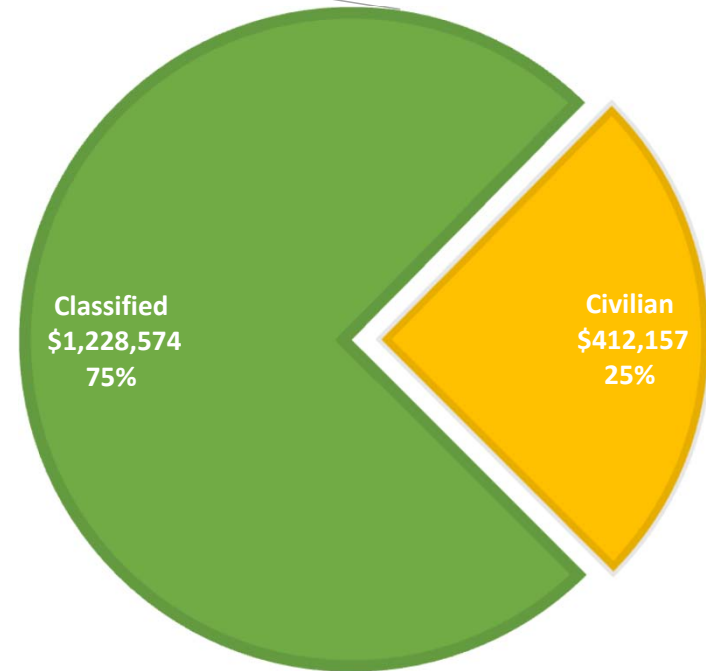
\$ in Thousands



FY2022 ADOPTED BUDGET \$2,609,959



PERSONNEL BREAKDOWN

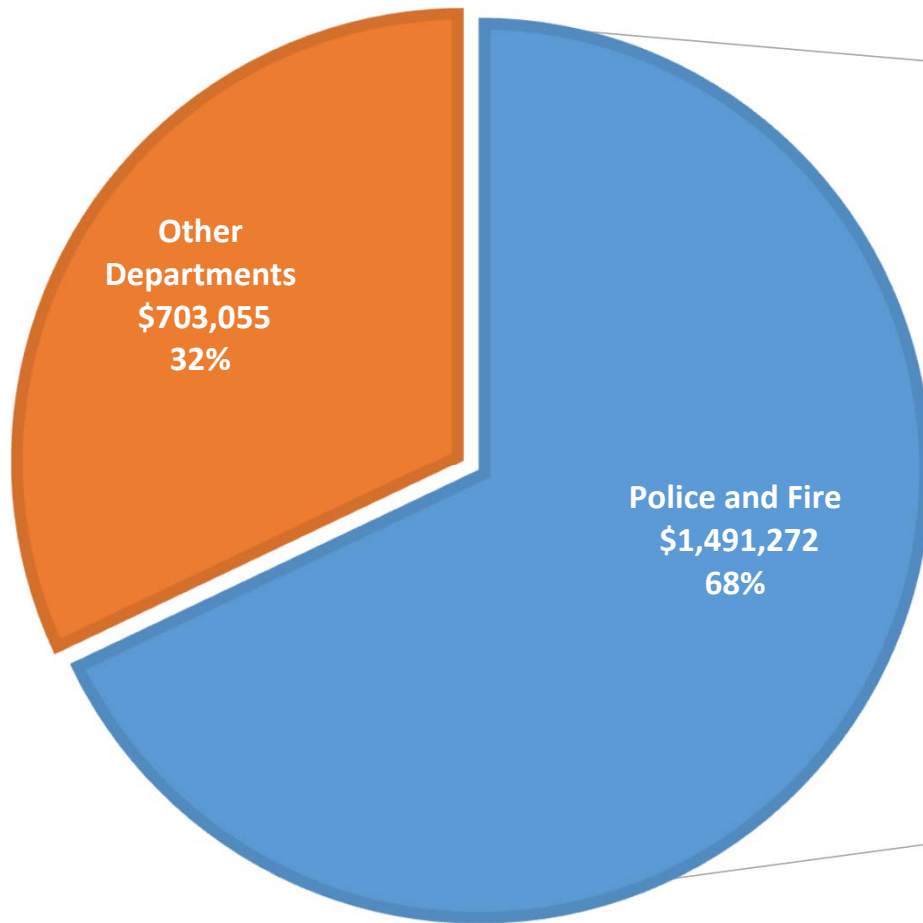


# General Fund By Department Excluding Debt

\$ in Thousands



FY2022 ADOPTED BUDGET EXCLUDING DEBT \$2,194,327



POLICE AND FIRE BREAKDOWN

