

AN ORDINANCE 2007 - 03 - 01 - 0212

**APPROVING AN ADDENDUM TO THE CITY OF
SAN ANTONIO'S LEGISLATIVE PLAN FOR THE
80TH REGULAR SESSION OF THE TEXAS
LEGISLATURE RELATED TO INITIATIVES
SUPPORTING PROPOSED SAN ANTONIO FIRE
AND POLICE RETIREE HEALTH CARE FUND
LEGISLATION (PREFUND).**

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WHEREAS, prior to the convening of each regular state Legislative Session, the City of San Antonio identifies policy priorities that it would like the Texas Legislature to address and in August 2006, the City's Governmental Affairs Team began working with the City Council Intergovernmental Relations Committee, City Departments and agencies, the Texas Municipal League and the community to identify issues for the upcoming session; and

WHEREAS, the City's State Legislative Plan for the 80th Regular Session ("Plan") was reviewed by the City's Management Team on October 13, 2006, and the City Council Intergovernmental Relations Committee on October 18, 2006, and was adopted by the full City Council on October 19, 2006, by the passage of Ordinance No. 2006-10-19-2003; and

WHEREAS, the Intergovernmental Relations Council Committee met on February 21, 2007, to discuss proposed Fire and Police Retiree Health Care Fund ("Prefund") legislation; and

WHEREAS, the Prefund is a statutory trust which provides post employment health benefits for San Antonio Fire Fighters and Police Officers who retired after October 1, 1989; and

WHEREAS, this proposed addendum consists of a legislative initiative seeking amendments to the Prefund governing statute to improve the actuarial and financial position of the Prefund and provide the Prefund's Board of Trustees with the authority to manage the health benefits plan, including designing the plan to address the needs of retirees while recognizing the fiscal target of amortizing the unfunded actuarial liability of the Prefund to under thirty years; and

WHEREAS, the legislative package also establishes the City's contribution at 9.4% of covered payroll for active Fire and Police members which has a net direct impact to the City's operating budget of approximately \$100,000, with employee contributions

increasing over a five year period up to 4.7% of covered payroll in the fifth year representing a one-third total contribution; and

WHEREAS, the estimated actuarial impact of the proposed legislative package is a significant improvement in the actuarial position of the Prefund with a preliminary estimate of the years to amortize the unfunded liability of approximately sixty years;
NOW THEREFORE:

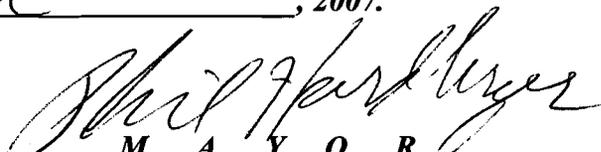
BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. The City Council approves an addendum to the City of San Antonio's Legislative Plan for the 80th Regular Session of the Texas Legislature. A copy of the addendum setting forth the summary of the proposed legislative revisions is attached hereto as Attachment 1. A copy of the letters of support of the San Antonio Professional Fire Fighters Association, the San Antonio Fire & Police Pensioners Association, and the San Antonio Police Officers' Association are attached hereto as Attachments 2, 3, and 4, respectively. A copy of the Resolution adopted by the Board of Trustees of the Fire and Police Retiree Health Care Fund on February 20, 2007 is attached hereto as Attachment 5.

SECTION 2. Staff is directed to inform the Bexar County Legislative Delegation of the addendum to the Plan and to undertake such steps as are reasonably necessary to obtain passage of the Plan during the upcoming 80th Legislative Session.

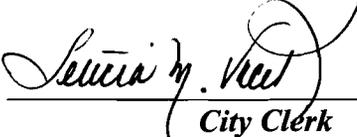
SECTION 3. This ordinance shall take effect ten days from the date of passage hereof.

PASSED AND APPROVED this 1st day of March, 2007.


M A Y O R

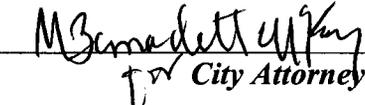
PHIL HARDBERGER

ATTEST:



City Clerk

APPROVED AS TO FORM:



City Attorney

ADDENDUM

Summary of proposed amendments to the San Antonio Fire and Police Retiree Healthcare Fund governing statute.

- Establishes contributions to the Fund
 - Employee contributions increase over a 5 year period from 2% of covered payroll to 4.7% of covered payroll in the 5th year;
 - Employee contribution of 4.7% of covered payroll represents 1/3 of the total contribution;
 - Members who retire with less than 30 years of service must continue to contribute premiums to the Fund as though they were still an active member until the 30 years of service requirement is met;
 - City contribution is 9.4% of covered payroll;

- Establishes health benefit levels at the current level of post employment health benefits adjusted for the following:
 - Increase in deductible from \$200 to \$500 per individual;
 - Increase in out of pocket maximum from \$700 to \$1,500 per individual increasing by \$100 per year thereafter through 2012;
 - Beginning in 2013, the deductible and out of pocket maximums are increased each year by the percentage increase in health care costs not to exceed 8%;

- Board of Trustees of the Fund, as it deems appropriate, may alter or modify the benefits plan in the future:
 - Adjustments taken as a whole must not increase the Fund's total unfunded liability;

- If after October 1, 2017, the Fund's unfunded liability cannot be amortized over a period of 30 years or less, the employee contribution, City contribution, deductibles, and out of pocket maximums can be increased by up to 10% by the Board each year until the targeted amortization period is reached;

- Allows the Mayor, at their option, to appoint a Mayoral designee to the Board



SAN ANTONIO PROFESSIONAL FIREFIGHTERS ASSOCIATION

LOCAL 624

8925 WEST IH10 • SAN ANTONIO, TEXAS 78230 • (210) 699-9400 • FAX (210) 699-4131



Fire and Police Retiree Health Care Fund, San Antonio
300 Convent Street, Suite 2500
San Antonio, Texas 78205

Dear Fire and Police Retiree Health Care Fund Trustees:

On February 13, 2007, the members of the San Antonio Professional Firefighters Association Local 624 voted unanimously to endorse the 2007 Legislative Package from the Fire and Police Retiree Health Care Fund. We are encouraged that this proposed legislation will provide a strong foundation for our retiree's. We also understand that this is a proposed legislative package and we will continue our pledge to work with the board to ensure that our retirees have the best healthcare coverage possible.

We would like to take this opportunity to thank all the board members for their hard work and dedication to the members of Local 624, both active and retired. Please do not hesitate to contact us if you need any further assistance.

Fraternally,


Christopher A. Steele
President

San Antonio Professional Firefighters Association



San Antonio Fire & Police Pensioners Association

P O Box 830406 San Antonio, TX 78283

February 20, 2007

Mr. Paul Villareal
Chairman
Fire and Police Retiree
Health Care Fund
300 Convent Street
Suite 2500
San Antonio, TX 78205

Dear Mr. Villareal:

For many of the past months, various members of the San Antonio Fire and Police Pensioners Association have attended meetings, read voluminous material and discussed with other concerned members issues pertaining to the proposed 2007 pre-fund healthcare legislation. Certainly, the Association members do not appreciate that their deductibles and out of pocket medical expenses will be increased, however, due to the continuously increases of medical care, necessary steps must be taken to keep the health fund solvent.

Therefore, this letter is sent to confirm the support of the Pensioners Association of the 2007 proposed health fund legislative package that was approved on February 20, 2007 by the Board of Trustees of the Fire and Police Retiree Health Care Fund.

Sincerely,

Jose Garza Jr.
President

San Antonio Police Officers' Association



"IN THE INTEREST OF EFFICIENCY AND WELFARE OF THE SAN ANTONIO POLICE DEPARTMENT AND ITS MEMBERS"

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Executive Board

Teddy Stewart
President

David Ramos, Jr.
Vice President

Ervey Banda
Secretary

Rob Grajeda
Treasurer

James Smith
Parliamentarian

Gerald "Don" Gatten
Sergoant at Arms

To: James Bounds, Executive Director
San Antonio Fire and Police Retiree Health Care Fund
From: Teddy Stewart, President SAPOA
Date: February 20, 2007
Re: 2007 Legislative Proposal

Board of Trustees, Fire and Police Retiree Health Care Fund, San Antonio:

It is my pleasure to inform you that at the February 2007 meeting of the Board of Directors of the San Antonio Police Officers' Association, the Board voted overwhelmingly in support of the Legislative proposal that you have developed for the 2007 session of the Texas Legislature. The Board and I understand the importance of this legislation and the need to provide the necessary healthcare coverage for our retirees now and in the future. We also understand the difficulty of pleasing everyone affected by this plan and the work that has been put forth by your Board, and we wish to extend our appreciation for all that you do for us.

Further, we understand that this plan is a work in progress and look forward to a working relationship in the future that will continue to build upon the foundation of security that this proposed legislation will provide to our members. I look forward to working with you in the future, and as always, if there is anything that we can assist you with, never hesitate to call.



Teddy Stewart
President, SAPOA

Fire and Police Retiree Health Care Fund, San Antonio**Resolution Adopted by Board of Trustees on February 20, 2007**

Mr. Burney requested Board consideration of the following Board resolution:

“If legislative amendments are approved by the Legislature and signed by the Governor, the Board of the Health Fund will be vested with the authority to design a retiree health care benefit plan that addresses the needs of retirees while recognizing the fiscal target of amortizing the unfunded actuarial liability of the Health Fund to under thirty (30) years. The Board is committed to drafting a new Schedule of Benefits and Plan that considers all options for achieving these goals of retiree health care and fiscal responsibility, starting with the current benefits provided under the collective bargaining agreements as modified by such legislation. All plan design changes and options will be considered, including, but not limited to, those options priced in recent actuarial studies by the Health Fund such as in-network incentives and out-of-network penalties, wellness plans, and prescription drug programs. The Board will solicit assistance from outside sources to prepare such plan, including engaging professionals to assist in drafting a plan and encouraging the active participation of all affected parties, including retirees, COSA, and unions.”

“The final plan will be adopted by the Board prior to the beginning of the calendar year 2008 to provide adequate notice to members of its content. The final decision as to plan design and content is within the Board’s discretion.”

Upon motion by Trustee Martinez and second by Trustee Clancy, the resolution unanimously passed.

