



AGENDA REPORT

TO: Oakland Police and Fire Retirement System Board **FROM:** David Jones

SUBJECT: Proposed 2-year PFRS Administrative Budget for FY 2023/2024 and FY 2024/2025 **DATE:** March 21, 2023

RECOMENDATION

Staff recommends that the Board of the Oakland Police and Fire Retirement System (“PFRS Board”) approve the new two-year PFRS administrative budget for FY 2023/2024 and FY 2024/2025 as shown in **Table 1**.

SUMMARY

In order to be consistent with the City of Oakland budget process, PFRS staff is presenting a two-year administrative budget that reflects proposed PFRS expenditures for FY 2023/2024 and FY 2024/2025. Staff will work to incorporate the PFRS Board approved budget into the City of Oakland overall budget.

The overall PFRS budget is projected to be \$3,807,400 in FY 2023/2024 and \$3,878,100 in FY 2024/2025. The proposed budget changes reflect expected costs within the specified line items. The total proposed annual budget is approximately 0.92% of the Plan's current investment portfolio. The total PFRS Operating Budget is projected to increase 4.14% in FY 2023/2024 and an additional 1.86% in FY 2024/2025.

KEY CHANGES

Internal Administrative Costs

Staff costs are projected to increase by \$129,000 in FY 2023/2024 and an additional \$59,000 in FY 2024/2025. These increases are mostly due to projected increases in the City of Oakland staff fringe benefits costs and projected staff cost of living increases, per the approved MOU between the City of Oakland and the local union.

Internal Service Fees (“ISF”) are required costs for all City of Oakland funds. These costs are associated with city-wide services such as special setup, facilities general support, city accounting services, city contract services, phone and IT support and printing. Overall, Internal Administrative costs are projected to increase \$129,000 in FY 2023/2024 and \$59,000 in FY 2024/2025.

Agenda Item B2
PFRS Board Meeting
March 29, 2023

OAKLAND POLICE & FIRE RETIREMENT SYSTEM

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Actuary and Accounting Services

Actuary and Auditing services are both scheduled to increase by 3% based on annual increases in their current contracts. The expenses for Audit Services are expected to increase \$2,300 in FY 2023/2024 and \$1,600 in FY 2024/2025. The expenses for Actuary Services are expected to increase \$1,500 in FY 2023/2024 and an additional \$1,500 in FY 2024/2025.

Investment Services

The Money Manager budget is based on the fees charged by each PFRS money manager and the amount of funds they manage on behalf of the PFRS's investment portfolio. The Custodial Fee budget and the Investment Consultant's fees are fixed annual amounts based on the current contracts.

Respectfully submitted,



David Jones, Plan Administrator
Oakland Police and Fire Retirement System

Attachments (1):

- ***Table 1: Oakland Police and Fire Retirement System – Two-year Proposed Administrative Budgets***

ATTACHMENT 1

Table 1

**Oakland Police and Fire Retirement System
Two-year Proposed Administrative Budgets
FY2023/2024 & FY 2024/2025**

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
Two Year Proposed Administrative Budgets
FY 2023-2024 and FY 2024-2025

	FY 2022-2023	Proposed Budget		Budget Changes	
	Approved Budget	FY 2023-2024	FY 2024-2025	FY 2023-2024	FY 2024-2025
Internal Administrative Costs					
PFRS Staff Salaries	\$ 1,330,000	\$ 1,459,000	\$ 1,518,000	\$ 129,000	\$ 59,000
Board Travel Expenditures	52,500	52,500	52,500	-	-
Staff Training	20,000	20,000	20,000	-	-
Staff Training - Tuition Reimbursement	7,500	7,500	7,500	-	-
Board Hospitality	3,600	3,600	3,600	-	-
Payroll Processing Fees	40,000	40,000	40,000	-	-
Miscellaneous Expenditures	45,000	45,000	45,000	-	-
Internal Service Fees (ISF)	88,000	88,000	88,000	-	-
Contract Services Contingency	50,000	50,000	50,000	-	-
Internal Administrative Costs Subtotal :	\$ 1,636,600	\$ 1,765,600	\$ 1,824,600	\$ 129,000	\$ 59,000
Actuary and Accounting Services					
Audit	\$ 50,500	\$ 52,800	\$ 54,400	\$ 2,300	\$ 1,600
Actuary	47,900	49,400	50,900	1,500	1,500
Actuary and Accounting Subtotal:	\$ 98,400	\$ 102,200	\$ 105,300	\$ 3,800	\$ 3,100
Legal Services					
City Attorney Salaries	\$ 194,000	\$ 212,100	\$ 220,700	\$ 18,100	\$ 8,600
Legal Contingency	150,000	150,000	150,000	-	-
Legal Services Subtotal:	\$ 344,000	\$ 362,100	\$ 370,700	\$ 18,100	\$ 8,600
Investment Services					
Money Manager Fees	\$ 1,353,000	\$ 1,353,000	\$ 1,353,000	\$ -	\$ -
Custodial Fee	124,000	124,500	124,500	500	-
Investment Consultant	100,000	100,000	100,000	-	-
Investment Subtotal:	\$ 1,577,000	\$ 1,577,500	\$ 1,577,500	\$ 500	\$ -
Total Operating Budget	\$ 3,656,000	\$ 3,807,400	\$ 3,878,100	\$ 151,400	\$ 70,700
				4.14%	1.86%