



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement System Board

**FROM:** David F. Jones  
Plan Administrator

**SUBJECT:** PFRS FY2023-2025  
Administrative Expenses  
Budget Mid-Cycle Adjustment

**DATE:** March 27, 2024

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## SUMMARY

Staff has analyzed the Oakland Police and Fire Retirement System's ("PFRS") previously approved two-year budgets for FY 2023-2024 and FY 2024-2025. As a result, staff is recommending some adjustments to the budgeted line items. Staff recommends that the Board approve the nominal budget increase for FY 2024-2025 as attached in **Table 1**.

## BACKGROUND

At their April 27, 2022 Board meeting, the Oakland Police and Fire Retirement System Board ("PFRS Board") approved a 2-year PFRS Administrative Budget of \$3,807,400 for FY 2023-2024 and \$3,878,100 for FY 2024-2025.

## PROPOSED CHANGES

Staff recommends proposed changes to the FY 2024-2025 budgets as shown in **Table 1**. The proposed changes adjust budgeted funds to accurately reflect expected costs. The total annual proposed budget is approximately 0.92% of the Plan's existing investment portfolio.

## KEY CHANGES

The Internal Administrative Budget is proposed to increase by \$166,000 in FY 2024-2025, an overall increase of 4.3%. Staff is seeking authority from the Board to hire an additional administrative staff member to support the Oakland Police and Fire Retirement System. This additional staff member will be critical in improving the overall efficiency of the Retirement Unit, providing additional back office administrative support, and archiving critical files and data.

Every year PFRS budget includes an amount of \$150,000 to assist with any potential lawsuits and to pay for Outside Counsel services, as needed. This budgeted line item has not been used in several years. Staff is seeking authority to utilize a portion of the existing Legal Contingency budget to pay for needed Outside Counsel to assist the City Attorney's office regarding Trusts, Estates and Power of Attorney's (POA). As PFRS members continue to age, staff is seeing an increase of POAs and would like to utilize Outside Counsel to review current processes, provide staff training, and assist on special cases when needed. Staff would also like to obtain Outside Counsel to assist with Investment Manager contracts, when needed.

The Budgeted funds are already available in the PFRS internal Cash in Treasury Pool and no additional transfers are required per City of Oakland Charter, Article XXVI; Police & Fire Retirement System, Section 2601 (d).

Respectfully submitted,



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David F. Jones, Plan Administrator  
Oakland Police and Fire Retirement System

**Attachment (1):**

**Table 1:** *Oakland Police and Fire Retirement System – Proposed Mid-Cycle Administrative Budget Changes*

**Table 1**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
Proposed Mid-Cycle Administrative Budget Changes  
FY 2023-2024 and FY 2024-2025**

	Approved Budget		Proposed Changes		Proposed Revised Budgets	
	FY 2023-2024	FY 2024-2025	FY 2023-2024	FY 2024-2025	FY 2023-2024	FY 2024-2025
<b>Internal Administrative Costs</b>						
PFRS Staff Salaries	\$ 1,459,000	\$ 1,518,000	\$ -	\$ 166,000	\$ 1,459,000	\$ 1,684,000
Board Travel Expenditures	52,500	52,500	-	-	52,500	52,500
Staff Training	20,000	20,000	-	-	20,000	20,000
Staff Training - Tuition Reimbursement	7,500	7,500	-	-	7,500	7,500
Board Hospitality	3,600	3,600	-	-	3,600	3,600
Payroll Processing Fees	40,000	40,000	-	-	40,000	40,000
Miscellaneous Expenditures	45,000	45,000	-	-	45,000	45,000
Internal Service Fees (ISF)	88,000	88,000	-	-	88,000	88,000
Contract Services Contingency	50,000	50,000	-	-	50,000	50,000
<b>Internal Administrative Subtotal :</b>	<b>\$ 1,765,600</b>	<b>\$ 1,824,600</b>	<b>\$ -</b>	<b>\$ 166,000</b>	<b>\$ 1,765,600</b>	<b>\$ 1,990,600</b>
<b>Actuary and Accounting Services</b>						
Audit	\$ 52,800	\$ 54,400	\$ -	\$ -	\$ 52,800	\$ 54,400
Actuary	49,400	50,900	-	-	49,400	50,900
<b>Actuary and Accounting Subtotal:</b>	<b>\$ 102,200</b>	<b>\$ 105,300</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 102,200</b>	<b>\$ 105,300</b>
<b>Legal Services</b>						
City Attorney Salaries	\$ 212,100	\$ 220,700	\$ -	\$ -	\$ 212,100	\$ 220,700
Legal Contingency	150,000	150,000	-	-	150,000	150,000
<b>Legal Services Subtotal:</b>	<b>\$ 362,100</b>	<b>\$ 370,700</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 362,100</b>	<b>\$ 370,700</b>
<b>Investment Services</b>						
Money Manager Fees	\$ 1,353,000	\$ 1,353,000	\$ -	\$ -	\$ 1,353,000	\$ 1,353,000
Custodial Fee: (Northern Trust)	124,500	124,500	-	-	124,500	124,500
Investment Consultant (Meketa)	100,000	100,000	-	-	100,000	100,000
<b>Investment Services Subtotal:</b>	<b>\$ 1,577,500</b>	<b>\$ 1,577,500</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,577,500</b>	<b>\$ 1,577,500</b>
<b>Total Operating Budget</b>	<b>\$ 3,807,400</b>	<b>\$ 3,878,100</b>	<b>\$ -</b>	<b>\$ 166,000</b>	<b>\$ 3,807,400</b>	<b>\$ 4,044,100</b>
<i>Percentage increase</i>					0.0%	4.3%