City Council
November 14, 2011
Work Session Agenda

<u>Discussion Items:</u>

1. City Owned Property:

    Tax Sale Certificates

    207 Meadow Street South

    111 Orchard Street South

    Memorandums from James E. Mills, City Comptroller, November 8, 2011

2. Draft Fence Zoning Amendment

    Memorandum from Kenneth A. Mix, Planning and Community Development Coordinator, November 8, 2011

3. Draft Dog Legislation

    Memorandum from Mary M. Corriveau, City Manager, November 8, 2011

4. Palmer Street

    Memorandum from Mary M. Corriveau, City Manager, November 8, 2011

<u>Staff Reports:</u>

1. City Manager's Update Report, November 2011

2. Sewall's Island Environmental Cleanup Project

3. Other Post Employment Benefits (OPEB) Valuation Report for Fiscal Year Ending June 30, 2011

    <u>GASB 45 Actuarial Valuation for the Fiscal Year Ending June 30, 2011</u>, Burke Group

   Memorandum from James E. Mills, City Comptroller, November 8, 2011

November 8, 2011

To: The Honorable Mayor and City Council

From: James E. Mills, City Comptroller

Subject: Tax Sale Certificates

The City of Watertown acquired the tax sale certificate for 985 Marble Street (parcel # 04-27-409.000) on June 25, 2009. The parcel was not redeemed prior to the expiration of the two year period. Accordingly the City may at any time issue itself a tax deed to the parcel. The owner of record for the parcel is Bernard Graham.

Staff is looking for guidance from City Council on whether to issue itself a tax deed to the parcel or hold a public auction to auction the City's tax sale certificate. The successful bidder on the tax sale certificate assignment could then request the tax deed to the parcel.

If a tax sale certificate assignment auction is held other City owned certificates that have been held past the two-year redemption period without the City issuing itself a tax deed should also be included such as 451 Martin Street, 465 Martin Street and 1543 State Street.

MARBLE ST

985 Marble St


985 Marble St
08/01/2011


985 Marble St
08/01/2011


985 Marble St
08/01/2011

451 Martin Street

Building Demolished in 2011

465 Martin Street

1543 State Street

November 8, 2011

To: The Honorable Mayor and City Council

From: James E. Mills, City Comptroller

Subject: 207 Meadow Street South

The City of Watertown acquired 207 Meadow Street South (parcel # 10-04-112.000) on June 29, 2006 as a result of the tax sale process. The attached report from Gene Hayes, Superintendent of Public Works identifies a possible land swap with an abutting property owner that would allow for the future construction of an off-street parking lot to access the Taylor Playground.

	MEMORANDUM	E.P. Hayes Superintendent
	Dept. Public Works	Date: 10-22-11 Ref: PW 046-11
To:	Mary Corriveau, City Manager	
Subject:	Taylor Playground Parking Lot Property Acquisition	

The purpose of this memorandum is to present a property acquisition proposal for a Parks & Recreation Playground Improvement Project that would allow the future construction of an off street parking area to service Taylor Playground as shown in the attached drawing.

While the plan is still conceptual, the City is presently in a position to proceed with a land transfer of the vacant lot located at 217/219 South Meadow Street, parcel number 10-04-110. The particulars of this transfer will involve the following:

> The vacant lot 10-04-110 will be split such that the owner, who also owns the adjacent property at 211-213 South Meadow Street, parcel number 10-04-111, will retain sufficient width to allow him room to maintain a driveway along the south side of his house at 211-213 South Meadow Street.
>
> In turn the City will take ownership of the remaining portion of the parcel so that, when combined with the current 20 ft wide access to the Taylor Street Playground, parcel number 10-04-127.002, there will be adequate width to allow the future construction of the proposed parking lot while allowing sufficient boundary separations from both adjacent properties, 223 South Meadow Street and 211-213 South Meadow Street.
>
> In exchange for that portion of 217-219 South Meadow Street, parcel number 10-04-110, the City will convey ownership of the City owned property at 207 South Meadow Street, parcel number 10-04-112 to the owner of 211-213 South Meadow Street. (Note that the City parcel immediately adjacent to the north side of 211-

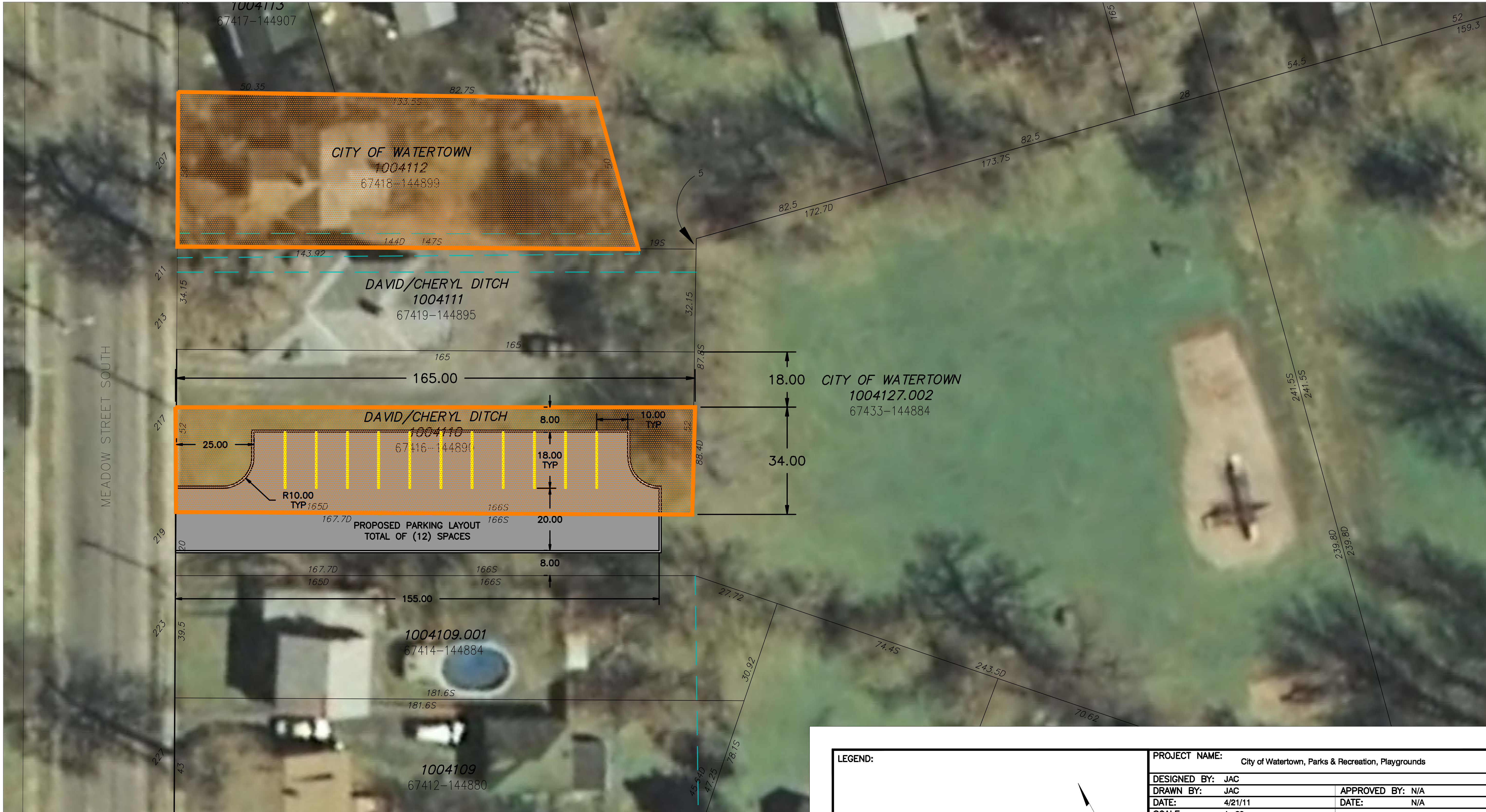
213 South Meadow Street.) In addition to the land transfer the City will also provide for the removal of the tree located in the front yard of 211-213 South Meadow Street.

Should this plan be endorsed by the City Council, I would ask that authorization be given to allow us to move forward as soon as possible as the owner is anxious to proceed before the winter season sets in.

Should you have any questions concerning this recommendation, please do not hesitate to contact me at your convenience.

Gene

cc: Jim Mills, City Comptroller
Kurt Hauk, City Engineer
John Van Brocklin, Parks & Recreation Superintendent
Mike Lumbis, Planner
Josh Carlsson, Sr. Engineering Tech-DPW
DPW files:
Taylor Playground
Off Street Parking Lot



LEGEND:	
PROJECT NAME:	City of Watertown, Parks & Recreation, Playgrounds
DESIGNED BY:	JAC
DRAWN BY:	JAC
APPROVED BY:	N/A
DATE:	4/21/11
DATE:	N/A
SCALE:	1 : 30
TITLE:	Taylor Playground, Facility Improvements, Site Plan
MAP NUMBER:	11-03

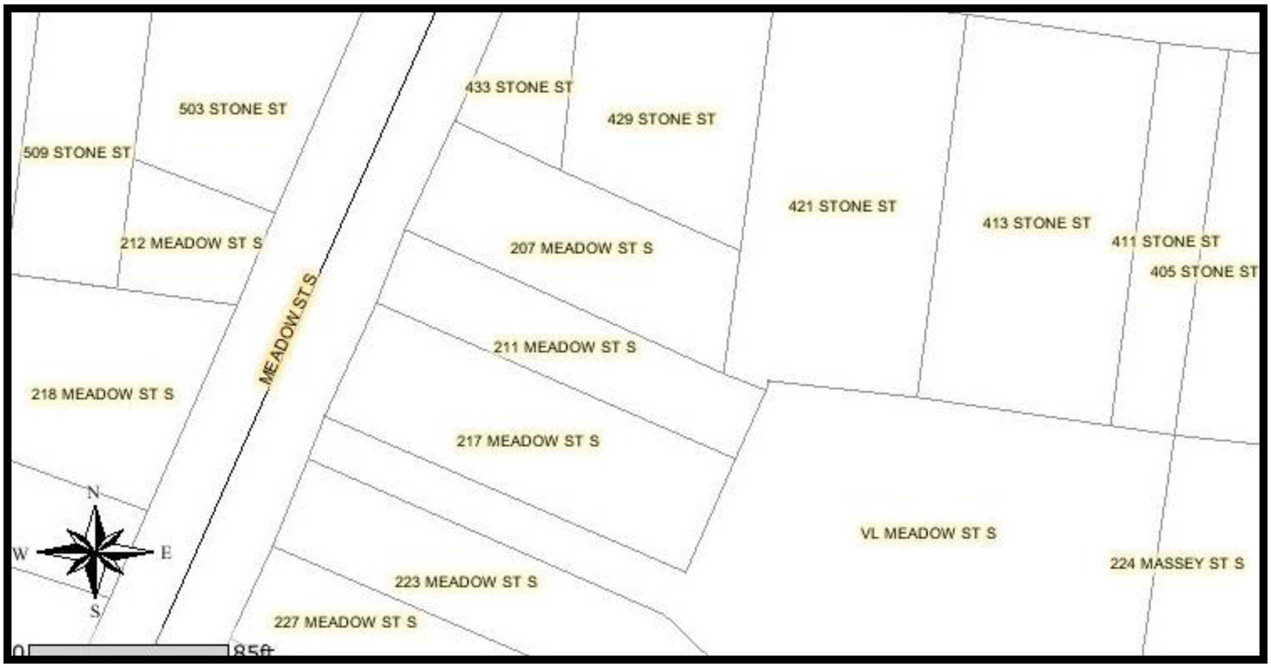
CITY OF WATERTOWN, NEW YORK
DEPARTMENT OF PUBLIC WORKS
ROOM 206, MUNICIPAL BUILDING
245 WASHINGTON STREET
WATERTOWN, NEW YORK 13601
TEL: (315) 785-7770 FAX: (315) 785-7752

REVISION:	DESCRIPTION OF REVISION:	DATE:	BY:

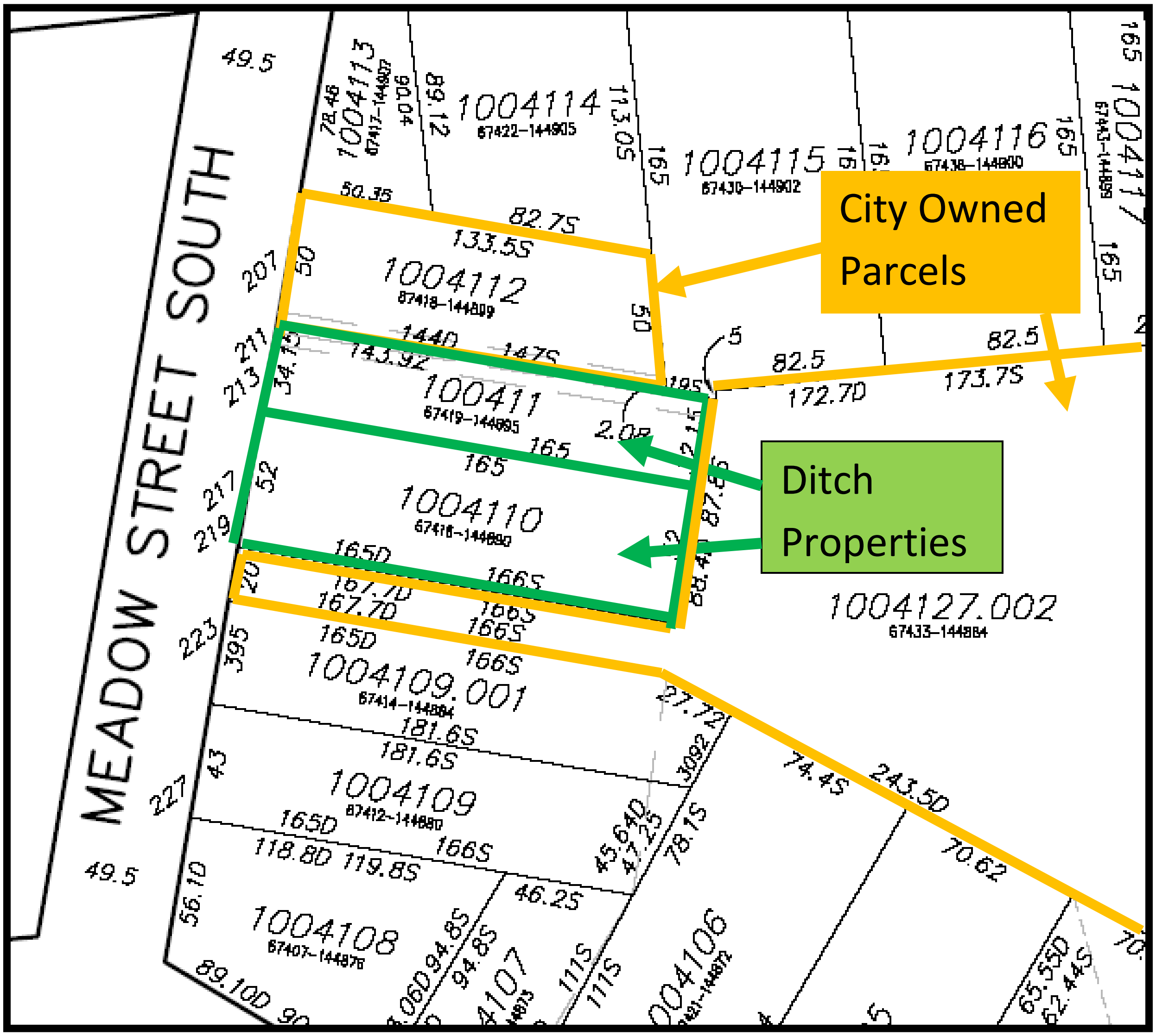
MAP NUMBER:	PROJECT NAME:	TITLE:
11-03	CITY OF WATERTOWN PARKS & RECREATION PLAYGROUNDS	TAYLOR PLAYGROUND FACILITY IMPROVEMENTS SITE PLAN

I:\DPW\DPW Files & Records\Parks & Recreation\Playgrounds\Taylor Playground\Land Swap Deal\Taylor Playground Parking-Layout.pdf

Proposed Taylor Playground Parking Lot



Proposed Taylor Playground Parking Lot



November 8, 2011

To: The Honorable Mayor and City Council

From: James E. Mills, City Comptroller

Subject: 111 Orchard Street South

The City of Watertown acquired 111 Orchard Street South (parcel # 10-03-112.000) on June 28, 2011 as a result of the tax sale process. At the September 12th work session City Council was provided with a report and photographs of this property recommending it for demolition. Since that time the City has received the attached offer of $4,000 to purchase the parcel, demolish the current structure and build a new house on the parcel afterwards.

City staff does not recommend this parcel be sold due to sewer issues in this area. As this lot is only 54 feet wide maintaining a sewer easement with a new owner would not allow for the construction of a new house based on the attached map.

To

James. E. Mills
City Comptroller
City of Watertown NY-13601

RECEIVED

OCT 12 2011

OFFICE OF THE
CITY COMPTROLLER

D/Sir,

As Per attached, Regarding the Property We had a talk in your office, last Week No. 111 Orchard. S. Street in Watertown. (attached)
I am interested to buy that Property, and my offer is $ 4000=00 (Four thousand), beside that I will clean the burnt house. The Cost of removing the house, and Cleaning the site is expensive and Construction, a new.

~~But the Property should be bacterial free~~ subject to certification for abestos abatement Certification.

In case you need any other information, Please give me call 315-782-5513 or fax the information on 315-782-5512.

Thanking you.

10-11-11

Yours faithfully
Sukhvinder Chhokar
268 Arsenal ST.
Watertown - NY - 13601

111 Orchard St South

1 inch = 50 feet

Potential 25' Easement

November 8, 2011

To: The Honorable Mayor and City Council

From: Kenneth A. Mix, Planning and Community Development Coordinator

Subject: Draft Fence Zoning Amendment – 11/8/11

Revisions were made to the Draft Fence Zoning Amendment as a result of the discussion held during the City Council Meeting on October 17, 2011. The revised draft was then given to the Planning Board for review and recommendation.

The Planning Board considered the proposal on November 1, 2011. The Board made further revisions and recommended approval. A newly revised draft with the Planning Board's changes shown in red is attached. An excerpt from their Minutes is also attached.

Draft Fence Zoning Amendment

11/08/11

§ 310-1. Terms defined; word usage.

B. For the purpose of this chapter, certain words and terms shall have the following meanings:

FENCE – A constructed barrier of wood, masonry, stone, metal, or other manufactured material or combination of materials erected to enclose, screen, or separate areas.

STREET LINE – A lot line separating a street from the abutting property.

§ 310-26.1. Fences.

A. No person, firm or corporation shall commence the erection, construction, or alteration of any fence without first applying for, and obtaining, a fence permit from Code personnel for each such fence.

B. Application for a fence permit shall be made to Code personnel on forms provided by Code personnel and shall contain the information requested on such forms plus any additional information as may be determined as necessary by Code personnel for duly processing such application.

C. All applications shall be signed by the owner of the real property upon which such work is to be performed. Where such application is made by a person other than the owner, it shall be accompanied by written authorization of the owner that the proposed work is authorized by the owner and that the applicant is authorized to make such application.

D. In all districts, except Light and Heavy Industrial Districts, no fence shall be more than six feet in height, except as otherwise restricted below. In Light and Heavy Industrial Districts no fence shall be more than eight feet in height.

E. *Fences located less than ~~the required setback distance for a building~~ twenty (20) feet from a street line ~~or the existing building distance from the street line, whichever is the lesser distance,~~ shall not be more than ~~three (3)~~ four (4) feet in height and shall have open spaces equal to at least ~~50%~~ 33% of the area of each panel.*

F. The height of a fence shall not include post finials extending above the fence panels.

G. *No fence shall be located less than five (5) feet from a street line, unless the open spaces of the fence equal at least 80% of the area of each panel.*

~~***H.*** *No fence shall be located less than five (5) feet from a neighbor's driveway or a shared driveway, unless the open spaces of the fence equal at least 80% of the area of each panel.*~~

I. The side of the fence facing away from the fence owner's property shall have a finished quality.

J. *Chainlink fences shall not be located less than ~~the required setback distance for a building~~ twenty (20) feet from a street line ~~or the existing building distance from the street line, whichever is the lesser distance~~, except in Light and Heavy Industrial Districts.*

K. Electric fences shall not be allowed.

L. Barbed-wire fences shall not be allowed, except on top of chain link fences at least six feet in height in Light and Heavy Industrial Districts.

§ 310-27. Visibility at corners.

In any Residence District no structure, fence, or shrubbery over three feet in height shall be maintained on any corner lot within a triangular area formed by lot lines along the streets to the points on such lines a distance of 40 feet from their intersection and a line connecting such points.

Excerpt from 11/1/11 Planning Board Meeting Minutes

FENCING ORDINANCE AMENDMENTS

The Board then considered a request submitted by Staff on behalf of City Council for review of proposed changes to the Zoning Ordinance regarding the allowable location, size, and design of fences.

Mr. Mix explained that the Council had already amended the fencing regulations in 2003 and 2006, and were now considering further changes due to complaints by a property owner on Haley Street, where a 4 foot fence was installed along a driveway, extending all the way to the sidewalk.

He explained that in 2003, height and transparency of fencing were regulated. In 2006, the maximum height in front yards was increased from 3 feet to 4 feet, after a fencing installer complained that 3 feet was a non-standard size. At this juncture, the Council's main goal is to increase visibility at driveways, especially in residential areas.

The amendments will require review by the County Planning Board as well.

Mr. Mix then proceeded to discuss the details of the proposed changes as outlined in the Staff Memo, referring to a diagram showing how each section of the regulation could affect fence locations.

Mrs. Gervera asked if the street line was the same as the curb. Mr. Mix stated that it is not, but rather refers to the property line separating the parcel from the right-of-way. Typically, the sidewalk and curb are both in the right-of-way—with the "street line" running along the back edge of the sidewalk.

Mr. Harris asked if wrought iron fencing that is 80% transparent would be allowed directly on the property line. Mr. Mix replied that it would—any fence of 80% or greater transparency would be allowed to cross the proposed setback. Mr. Coburn mentioned that split rail fences would meet the requirement.

Mrs. Freda asked if this would include chain link fences. Mr. Mix stated that yes, it would in principle, but chain link fencing is specifically prohibited under Heading J.

Mr. Mix then explained the effects of the 5-foot driveway setback outlined in Heading H. He explained that in certain situations this would force two property owners to follow different rules when building a fence along the same property line. It also would effectively force neighbors to give up a portion of their yard in situations where driveways have been built up to property lines. Also, if two driveways are less than 5 feet apart, no fence can be installed, even if both property owners agree.

Mrs. Freda asked if the Board could recommend completely removing Heading H, which requires the 5' setback from a driveway. Mr. Mix said that they could.

Mrs. Freda said she was in favor of removing Heading H.

Mrs. Gervera said she was also in favor of removing it. She stated that the 5-foot front setback should be enough to improve visibility.

Mr. Mix stated that it would mainly improve a pedestrian's ability to see a car coming out of a driveway, but that drivers may still have trouble seeing pedestrians over a 4-foot fence.

The Board then viewed photographs of the fence on Haley Street that sparked the complaint. Mrs. Freda asked if the fence was currently legal. Mr. Mix said that it was.

Mr. Harris stated that the larger problem might be the solid 6-foot fence further to the rear. Mrs. Gervera commented that snow removal would be difficult here.

The Board then had some general discussion regarding the size and location of this fence, including discussion of typical eye-height in a sedan, snow removal, and the usefulness, or lack thereof, of a 3-foot fence.

Mr. Coburn asked about hedges and their effect on visibility. Mr. Mix responded that regulating hedges is a bit more complicated, because they grow, limiting height becomes more difficult. Also, it seems excessive to require a permit for planting a hedge. He continued, saying the hedges may be addressed in the future under a separate section.

The Board then had general discussion regarding the use of chain link fences in front yards, specifically concerning the use of chain link fencing at schools and in parks. Mr. Mix explained that school districts have their construction plans approved by the State and are not subject to the City Code. Mrs. Freda wondered if Immaculate Heart Central School would be required to comply with City Code for their upcoming construction projects.

Mrs. Freda asked the Board for a sense of whether or not chain link fences should be allowed. Mr. Harris stated that he felt they should not be allowed in front yards. Mrs. Gervera agreed, but stated that there may need to be some sort of exception for institutional buildings in residential districts. Mr. Mix stated that he would examine the issue, and possibly add some exceptions to Heading J.

Mrs. Freda requested that the Board vote on whether Heading H, regarding the 5-foot setback from driveways, should remain. The Board voted unanimously voted to recommend that Heading H be removed from the proposed amendments.

Mrs. Freda then requested a vote on altering Heading E, regarding fence height, to allow 4' fences with 33% visibility. All voted in favor, except Mr. Harris, who stated that he would prefer 50%.

Mrs. Freda then requested a vote on altering Headings E and J to read simply "required setback distance from the street line," striking the "lesser distance" language. All voted in favor.

Mr. Harris asked if the 3' height limit on the corner triangle in § 310-27 would remain. Mr. Mix stated that it should, as long as 4' fences are allowed elsewhere.

Mr. Fipps then made a motion to recommend that City Council adopt the proposed amendments to the Zoning Ordinance as outlined in the Staff Memo, with the changes listed above.

Mrs. Gervera seconded, all voted in favor.

November 8, 2011

To: The Honorable Mayor and City Council

From: Mary M. Corriveau, City Manager

Subject: Draft Dog Legislation

City Attorney James Burrows has drafted the attached legislation to address the concerns raised by Council Member Burns about having dogs present during events on City owned property in which large groups of people are in attendance. Staff has reviewed the proposed legislation and is prepared to discuss the proposed legislation.

City Code Section 81-5 (C)

It shall be unlawful for any owner of, or any person harboring, any dog in the City to permit or allow any dog to be upon City owned property and within 20 feet of any: City owned swimming pool; playground equipment within either Thompson Park or any City owned playground; or at any "Special Event." For purposes of this provision "Special Event" shall mean the following activities upon City owned property: The Farm & Craft Market; The 4th of July Concert at Thompson Park; or The Jefferson County Fair. "Special Event" shall also include any other activity to be conducted, in part at least, upon City owned property and which requires special approval, permit, license, or authorization from the City, its officers, agents, or employees.

The prohibition herein shall not apply to dogs confined within an automobile, crate, cage or similar structure that prevents a dog from causing personal injury or damage to personal property.

The prohibition of Section 81-5 (C) may be waived by special approval granted by the City Manager and his or her designee.

There shall be excluded from this section any dog which is defined pursuant to Section 108 of the New York Agriculture and Markets Law, as the same may be amended from time to time, as a guide dog, hearing dog, service dog, working search dog, therapy dog, detection dog, war dog, or any other dog which may be utilized by law enforcement agencies within the jurisdiction of the City, or which are professionally trained service animals utilized by persons with disabilities.

November 8, 2011

To: The Honorable Mayor and City Council

From: Mary M. Corriveau, City Manager

Subject: Palmer Street

At the September 6, 2011 City Council meeting during a discussion on Palmer Street, Staff was asked to draft a resolution which would allow for the construction of this street to City standards and would involve the use of eminent domain. During a recent meeting with City Attorney Robert J. Slye, Staff decided that we prepare maps of Palmer Street and Palmer Street Extension to discuss this matter more thoroughly with the City Council, so that the proposed legislation is in keeping with the City Council wishes regarding this street. Staff has maps prepared for Council review and discussion during the Work Session.

CITY COUNCIL MEETING
CITY OF WATERTOWN
September 6, 2011 (Excerpt)
7:00 P.M.

MAYOR JEFFREY E. GRAHAM PRESIDING

PRESENT: COUNCIL MEMBER ROXANNE M. BURNS
COUNCIL MEMBER JOSEPH M. BUTLER JR.
COUNCIL MEMBER TERESA R. MACALUSO
COUNCIL MEMBER JEFFREY M. SMITH
MAYOR GRAHAM

ALSO PRESENT: MARY M. CORRIVEAU, CITY MANAGER
CITY ATTORNEY ROBERT J. SLYE

City staff present: Kurt Hauk, Elliott Nelson, Ken Mix, Jim Mills, Amy Pastuf, Gary Pilon, Chief Herman

Palmer Street

Mayor Graham stated that this should become a City street.

Council Member Burns stated that she would like to see the City move forward with it. She commented that this is a beautiful part of the City and there is new development down there. Unfortunately, the downside is the condition of the road. She also commented that she doesn't believe repairing the road would mean an increase in traffic. She also mentioned that the average citizen thinks that Palmer Street is a City street and as a community we need to make the streets that are in the worst conditions at least passable. We have ignored it long enough.

Council Member Smith referred to Attorney Slye's memo of 2006 as to the fact that the street was never identified as being deeded to the City and we need to look for the heirs of A. Palmer Smith and Timothy A. Smith.

Attorney Slye advised that they would identify who they can and then publish notices as prescribed by law. He also advised that the City has the research that was done by Brownell.

Mrs. Corriveau advised that staff is looking for direction from the Council.

Attorney Slye commented that if it is the will of the Council to direct staff to move forward with this, he would ask that staff be allowed to draft a resolution which would allow for the construction of the street to City standards and would involve the use of eminent domain.

Mayor Graham asked that a resolution be drawn for the next meeting.

Council Member Butler asked if the ultimate goal was to rebuild the street.

Council Member Smith responded that it is to have a dedicated City street.

November 9, 2011

To: The Honorable Mayor and City Council

From: Kenneth A. Mix, Planning and Community Development Coordinator

Subject: Sewall's Island Environmental Cleanup Project

The Sewall's Island Environmental Cleanup Project is going to need additional funds to complete. We have been informed by the New York State Department of Environmental Conservation that all projects still in process must submit all analytical data in an electronic format for their EQuIS data system, going back to the beginning of the project. Since the data was not kept in this format, which did not exist at the time, it has to be converted. There is an expense to have the laboratories convert the data. The DEC realizes that the expense was unexpected, so they encouraged us to request more grant funding.

At the same time, the petroleum cleanup is taking a little longer than expected. Part of this is attributed to an equipment malfunction. While we don't expect to pay for the repairs, the process of repairing the equipment has extended the time of the project, therefore increasing the cost. Also, the amount of fuel needed to run the generator has been greater than anticipated. So far, $7,500 has been spent on diesel fuel.

Lu Engineers has estimated that the additional costs will be $61,600. The DEC has agreed to pay $55,440, which is 90% of the cost. The City's share will be $6,160. DEC staff is preparing the State Assistance Contract Amendment and we will present it to the City Council for approval after we receive it.

November 8, 2011

To: The Honorable Mayor and City Council

From: James E. Mills, City Comptroller

Subject: Other Post Employment Benefits (OPEB) Valuation Report for Fiscal Year Ending June 30, 2011

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 45 *"Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions"* the City has had an actuarial firm value the City's retirement health plan obligations. The City is required to obtain a full valuation on a biennial basis and prepare an interim valuation for the years in between the full valuation.

The City continues to meet its retirement healthcare obligations on a pay-as-you-go basis and is not required to fund the outstanding actuarially calculated liability. The chart below summarizes the past results since the City was required to start reporting this data.

	FY 2008-09 (Full Valuation)	FY 2009-10 (Interim Valuation)	FY 2010-11 (Full Valuation)
Funded Status and Funding Progress			
Actuarial Accrued Liability (AAL)	$106,599,921	$106,324,770	$112,726,495
Actuarial Value of Assets	$ -	$ -	$ -
Unfunded Actuarial Accrued Liability (AAL)	$106,599,921	$106,324,770	$112,726,495
Annual OPEB Cost and Net OPEB Obligation			
1. Annual Required Contribution	$ 5,511,669	$ 5,433,877	$ 5,474,639
2. Interest on Net OPEB obligation	$ -	$ 113,848	$ 176,277
3. Adjustment to Annual Required Contribution	$ -	$ (100,854)	$ (162,104)
4. Annual OPEB Cost (=1 + 2 + 3)	$ 5,511,669	$ 5,446,871	$ 5,488,812
5. Expected Contributions	$ 3,234,708	$ 3,806,566	$ 3,908,073
6. Increase in Net OPEB obligations (= 4 - 5)	$ 2,276,961	$ 1,640,305	$ 1,580,739
7. Net OPEB obligation beginning of fiscal year	$ -	$ 2,276,961	$ 3,917,266
8. Net OPEB obligation end of fiscal year (= 6 + 7)	$ 2,276,961	$ 3,917,266	$ 5,498,005
Plan Participant Counts			
Active	306	306	283
Retired employees and beneficiaries	280	280	294
Spouses covered	195	195	200
	781	781	777

CITY OF WATERTOWN

Accounting and Financial Reporting
by Employers for
Postemployment Benefits Other Than Pensions

GASB 45 ACTUARIAL VALUATION
FOR THE FISCAL YEAR ENDING
JUNE 30, 2011

BURKE GROUP

80 Linden Oaks Drive, Suite 201; Rochester, NY 14625(585) 624-5500

TABLE OF CONTENTS

A. Summary of Valuation Results

This report presents the results of an actuarial valuation of the City of Watertown other postemployment benefit (OPEB) plan in accordance with Governmental Accounting Standards Board Statement No. 45 (GASB 45). This information is provided for accounting purposes, and intended for the municipality and its representatives exclusively within this scope. Determinations for purposes other than accounting may differ significantly from the results reported herein.

The sections which follow develop the GASB 45 disclosures required for the accounting period July 1, 2010 through June 30, 2011. A summary of the key results for the fiscal period ending June 30, 2011 is as follows:

		2010-2011
Funded Status and Funding Progress		
Actuarial Accrued Liability (AAL)	$	112,726,495
Actuarial Value of Assets	$	0
Unfunded Actuarial Accrued Liability (UAAL)	$	112,726,495
Annual OPEB Cost and Net OPEB Obligation		
1. Annual Required Contribution (ARC)	$	5,474,639
2. Interest on net OPEB obligation	$	176,277
3. Adjustment to annual required contribution	$	(162,104)
4. Annual OPEB Cost = 1. + 2. + 3.	$	5,488,812
5. Expected Contributions*	$	3,908,073
6. Increase in net OPEB obligation = 4. - 5.	$	1,580,739
7. Net OPEB obligation as of July 1, 2010	$	3,917,266
8. Net OPEB obligation as of June 30, 2011*	$	5,498,005

* Amounts are estimated and should be reconciled with actual benefit payments following the end of the fiscal year.

Assumptions

Discount Rate	4.5%
Initial Medical Trend Rate	9.0%
Ultimate Medical Trend Rate	5.0%

B. Summary by Government Unit

	Governmental Activities	Business-type Activities – Water Fund	Business-type Activities – Sewer Fund	Total
Funded Status and Funding Progress				
Actuarial Accrued Liability (AAL)	$ 100,581,408	$ 6,433,161	$ 5,711,926	$ 112,726,495
Actuarial Value of Assets	$ 0	$ 0	$ 0	$ 0
Unfunded Actuarial Accrued Liability (UAAL)	$ 100,581,408	$ 6,433,161	$ 5,711,926	$ 112,726,495
Annual OPEB Cost and Net OPEB Obligation				
1. Annual Required Contribution (ARC)	$ 4,861,797	$ 337,727	$ 275,115	$ 5,474,639
2. Interest on net OPEB obligation	$ 155,109	$ 11,218	$ 9,950	$ 176,277
3. Adjustment to annual required contribution	$ (142,638)	$ (10,316)	$ (9,150)	$ (162,104)
4. Annual OPEB Cost	$ 4,874,268	$ 338,629	$ 275,915	$ 5,488,812
5. Expected Contributions*	$ 3,635,988	$ 118,667	$ 153,418	$ 3,908,073
6. Increase in net OPEB obligation = 4. - 5.	$ 1,238,280	$ 219,962	$ 122,497	$ 1,580,739
7. Net OPEB obligation as of July 1, 2010	$ 3,446,853	$ 249,296	$ 221,117	$ 3,917,266
8. Net OPEB obligation as of June 30, 2011*	$ 4,685,133	$ 469,258	$ 343,614	$ 5,498,005

* Amounts are estimated and should be reconciled with actual benefit payments following the end of the fiscal year.

C. Summary of Changes from the Prior Valuation

Changes reflected in this valuation include:

- The discount rate was decreased from 5.0% to 4.5% to reflect current trends and market conditions.
- The introduction of New York State Employees' Retirement System (NYSERS) and New York State Teachers' Retirement System (NYSTRS) Tier 5 retirement level
- Updated census information
- Updated premiums information
- Updated claims information

D. Actuarial Certification

This valuation is a full actuarial valuation for the City of Watertown, and reflects current census, contracted benefit, and rate information. All census, premium, and/or claims information was provided by the municipality or its representatives. Although Burke Group reviews all data provided for reasonableness, it does not independently audit this information for accuracy.

The results presented herein are based upon the following:

- Financial information provided to us by the plan sponsor
- Employee data submitted by the plan sponsor
- Provisions of the plan as summarized herein, and
- Actuarial methods and assumptions as described in this report

Actuarial computations under Governmental Accounting Standards Series Statement No. 45 (GASB 45) are for purposes of fulfilling employer accounting requirements. The calculations reported herein have been made on a basis consistent with our understanding of GASB 45. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results reported herein.

As a community institution, Burke Group takes pride in its ties to the local community. Burke Group employees or employee relatives may be residents, employees, or individuals otherwise directly impacted by decisions made by the entity valued herein. The undersigned do hereby certify that at no time did they allow any potential conflict of interest compromise their professional judgment in producing these results.

The undersigned credentialed actuary meets the qualification standards of the American Academy of Actuaries to render the actuarial opinion contained herein, and is available to answer any questions you may have with respect to this report.

W. Vincent Cassano

Vince Cassano F.S.A., M.A.A.A., F.C.A.

September 9, 2011

Date

E. Considerations

GASB 45 Accounting

In addition to pension benefits, many governmental employers provide other postemployment benefits (OPEBs) as part of the total compensation offered to attract and retain the services of qualified employees. OPEBs include postemployment healthcare benefits, life insurance, or other benefits that are provided separately from a pension or sick leave plan. The Governmental Accounting Standards Board (GASB) views a postemployment benefit plan as a deferred compensation arrangement whereby an employer promises to exchange future benefits for employees' current services. GASB statement 45 specifies that accounting for these benefits should be determined under an accrual basis, where the expected value of the benefit is calculated and recognized as a cost over the working lifetime of the employees. Pension and other forms of cash settlement (or longevity) benefits (accounted for under GASB Statements 25, 27, and 50), and most forms of sick leave settlement benefits (accounted for under GASB Statement 16) fall outside the scope of GASB 45 and are not included within these results unless explicitly stated otherwise.

Measurement of Liabilities

The starting point in an actuarial valuation for determining an employer's expenses under GASB 45 is the estimation of the actuarial present value of all eligible employer-provided postemployment benefits. These calculations look at the expected benefits to be paid over the lifetime of all active employees, retirees, and dependents covered under the plan. They take into account the probability that benefits will be paid, the expected amount of benefit to be paid, and the time value of money. The parameters chosen for each of these items are called actuarial assumptions.

The actuarial present value of all employer-provided postemployment benefits can also be viewed as the amount of money that, if invested today in a lump sum at the stated discount rate, would allow the plan sponsor to pay for all benefits to current plan participants. The amount of benefits to be paid is based on the plan design, the anticipated claim experience under the plan, and expectations as to future changes in costs. Actuarial valuation calculations must be based on the "substantive plan," which is the plan as understood by the employer and the employees. The substantive plan reflects the design as written in the plan document(s), past practices with regard to plan changes (such as consistent modifications to the level of retiree contributions or deductibles), and formal policy with regard to ongoing changes. Expected changes in plan benefits do not become part of the substantive plan until adopted, communicated to employees, and ratified by any necessary union entities.

Potential for Volatility

All actuarial valuation measurements are subject to volatility due to such factors as: favorable or unfavorable plan experience, changes in economic conditions, or demographic shifts in the covered population. An analysis of this volatility falls outside the scope of this actuarial valuation. As a result, all valuation results should be viewed as estimates, subject to continual revision as actual experience is compared to past expectations and new estimates are made about the future.

Actuarial Cost Method

Once the actuarial present value of all employer-provided postemployment benefits is calculated, the lifetime value of the benefits must be spread or "attributed" over the employee's working career. This attribution generally divides the actuarial present value of employer-provided postemployment benefits into three segments:

1. A segment that represents prior benefit accruals based on past service, known as the Actuarial Accrued Liability.

2. A segment to be accrued in the current year (representing the value of the benefits charged to the current year), called the Normal Cost.

3. A remaining segment, reflecting the value of amounts which will be accrued in future years.

GASB 45 allows an employer to use any one of the following six actuarial cost methods when valuing OPEB obligations: Aggregate, Attained Age, Entry Age Normal, Frozen Attained Age, Frozen Entry Age, and Unit Credit. A brief description of these methods can be found in Appendix I – Glossary of Terms. The actuarial cost method used in this valuation is identified in the Actuarial Basis section of this report.

Annual OPEB Cost

Employers are required to measure and disclose an amount for annual OPEB cost on the accrual basis of accounting. Annual OPEB cost is equal to the employer's annual required contribution (ARC) to the plan, with adjustments if the employer has a net OPEB obligation as a result of past under or over contributions. The ARC is an actuarially determined amount that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both (a) the Normal Cost for the year, and (b) amortize any unfunded actuarial accrued liabilities (or funding excesses) over a period of time not to exceed 30 years. GASB 45 does not require the funding of OPEB benefit plans. The amortization period is identified in the Actuarial Basis section of this report.

A. Development of Annual Required Contribution (ARC)

The Annual Required Contribution (ARC) of an employer represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The normal cost and actuarial accrued liability are calculated as of the census date. ARC interest costs are calculated based on the lesser of the time between the census date and fiscal year end, and 1 year. The discount rate for amortization purposes is determined by the amortization method selected. For level percent of pay amortization, it is the normal discount rate divided by the inflation rate. For level dollar amortization it is the normal discount rate. The following table shows the components of the Annual Required Contribution:

Annual Required Contribution (ARC)

1. Normal Cost		
a. Normal Cost	$ 680,989	
b. Interest on Normal Cost	$ 25,258	
c. Total Normal Cost		$ 706,247
2. Amortization of Unfunded Actuarial Accrued Liability		
a. Actuarial Accrued Liability	$ 112,726,495	
b. Less Actuarial Value of Assets	$ 0	
c. Unfunded Actuarial Accrued Liability	$ 112,726,495	
d. Amortization Period	30 years	
e. Discount Rate	1.45631%	
f. Amortization Factor	24.5172	
g. Annual Amortization = c. / f.	$ 4,597,854	
h. Interest on Amortization Payment	$ 170,538	
i. Total Amortization Payment = g. + h.		$ 4,768,392
3. Annual Required Contribution (ARC) = 1.c. + 2.i.		$ 5,474,639

B. Annual OPEB Cost

Annual OPEB cost is equal to the employer's Annual Required Contribution to the plan (ARC), with certain adjustments if the employer has a net OPEB obligation for past under or over contributions. As noted earlier, GASB 45 requires the calculation of the ARC, but does not require employers to fund the ARC. A Net OPEB obligation exists when an employer makes contributions that are different than the ARC. When a Net OPEB Obligation exists, there are adjustments to the ARC to determine the Annual OPEB Cost to reflect the amounts already accumulated on the employer's books. These adjustments include interest on the net obligation from the prior year less an amortization of that obligation. The following table shows the components of Annual OPEB Cost:

1. Annual Required Contribution		$ 5,474,639
2. Interest on net OPEB Obligation		
a. Net OPEB Obligation from the prior year	$ 3,917,266	
b. Discount Rate	4.50000%	
c. Interest on net OPEB Obligation = a. x b.		$ 176,277
3. Adjustment to ARC		
a. Net OPEB Obligation from the prior year	$ 3,917,266	
b. Amortization Period	30 years	
c. Discount Rate	1.45631%	
d. Amortization Factor	24.1652	
e. Adjustment to ARC = a. / d.		$ (162,104)
4. Annual OPEB Cost = 1. + 2.c. + 3.e.		$ 5,488,812

C. Net OPEB Obligation

The Net OPEB Obligation is the cumulative difference between the Annual OPEB Cost and the employer's contributions to the plan since the adoption of GASB 45. The following table calculates the Net OPEB Obligation for the fiscal year:

1. Net OPEB obligation as of July 1, 2010	$ 3,917,266
2. Annual OPEB Cost	$ 5,488,812
3. Expected Contributions*	$ 3,908,073
4. Net OPEB obligation as of June 30, 2011* = 1. + 2. - 3.	$ 5,498,005

* Amounts are estimated and should be reconciled with actual benefit payments following the end of the fiscal year.

The annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the Net OPEB obligation at the end of the year is as follows:

Fiscal Year Ended	Beginning Net OPEB Obligation (a)	Annual OPEB Cost (b)	Contributions (c)	Percentage of OPEB Cost Contributed (c / b)	Ending Net OPEB Obligation (a + b – c)
06/30/2009	$0	$5,511,669	$3,234,708 *	58.69%	$2,276,961
06/30/2010	$2,276,961	$5,446,871	$3,806,566 *	69.89%	$3,917,266
06/30/2011	$3,917,266	$5,488,812	$3,908,073 *	71.20%	$5,498,005

* Estimated

D. Schedule of Funding Progress

Employers are required to disclose required schedule of funding progress (RSI) that includes multi-year trend information about the unfunded actuarial accrued liability and progress made in funding the plan. Disclosure items include: actuarial accrued liability, actuarial value of assets, unfunded actuarial accrued liability, funded ratio, and the ratio of unfunded actuarial accrued liability to covered payroll. The following exhibit illustrates the funded status and funding progress to date.

Fiscal Year Beginning	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2008	09/01/2008	$0	$106,599,921	$106,599,921	0.00%	$15,321,802 *	695.74%
07/01/2009	09/01/2009	$0	$106,324,770	$106,324,770	0.00%	$17,021,035 *	624.67%
07/01/2010	09/01/2010	$0	$112,726,495	$112,726,495	0.00%	$17,329,092 *	650.50%

* Estimated

E. Expected Cash Flows

An actuarial valuation under GASB 45 requires the projection of expected benefits to be paid over the lifetime of all active employees, retirees, and dependents covered under the plan. The following chart illustrates the next 20 years of future net employer costs expected in the valuation, based upon the closed group population as of the census date and the assumptions and methodologies disclosed in this report.

Year ending June 30th	Benefits
2012	$ 4,276,000
2013	4,521,000
2014	4,839,000
2015	5,123,000
2016	5,342,000
2017	5,607,000
2018	5,857,000
2019	6,063,000
2020	6,203,000
2021	6,499,000
2022	6,634,000
2023	6,862,000
2024	7,073,000
2025	7,202,000
2026	7,290,000
2027	7,393,000
2028	7,511,000
2029	7,489,000
2030	7,392,000
2031	7,417,000

F. Participant Data

Medical plan participants as of September 1, 2010

A. Participant Counts

	Male	Female	Total
Active	238	45	283
Retired employees and beneficiaries	250	44	294
Spouses covered	13	187	200
Total	501	276	777

B. Active Employees

Service Groups by Age Groups

Service Group

Age Group	0-4	5-9	10-14	15-19	20-24	25-29	30+	TOTAL
Under 25	5	0	0	0	0	0	0	5
25-29	20	4	0	0	0	0	0	24
30-34	25	17	2	0	0	0	0	44
35-39	7	6	10	6	0	0	0	29
40-44	5	5	10	10	8	0	0	38
45-49	9	4	4	7	12	4	0	40
50-54	3	6	5	2	11	15	7	49
55-59	4	5	3	1	9	7	8	37
60-64	0	3	0	1	2	5	6	17
65+	0	0	0	0	0	0	0	0
TOTAL	78	50	34	27	42	31	21	283

C. Retired Employees

Age	Retirees
Under 55	27
55-59	35
60-64	82
65-69	48
70-74	38
75-79	24
80+	40
Total	294

A. Actuarial Methods

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of the valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Valuation Method:	The method used for this Retiree OPEB Plan is called the Entry Age Normal Method, over a level percent of pay.
Valuation of Assets:	There are no assets that have been set aside to fund the liabilities for this plan. This plan is funded on a pay-as-you-go basis.
Eligible Plan Participants:	All active employees and retired employees who are participants in the OPEB Plan as of the date this valuation was performed are included in the calculations in this report.
Amortization Method:	Level Percent of Pay, Open Group
Amortization Period for Actuarial Accrued Liability (AAL):	30 Years
Valuation Date:	September 1, 2010
Claims Rate:	The City of Watertown offers benefits through a self-funded medical plan. Claims experience was used to develop claims cost at all ages.

B. Actuarial Assumptions

The selection of these assumptions was guided by actuarial standards. To the extent that credible data was available, the assumptions reflect the actual experience of the covered group. When credible data was unavailable, the assumptions are based on industry data and the experience of other groups with similar demographics.

Interest Rate: 4.50%

Salary Scale: 3.00%

Inflation Rate: 3.00%

Mortality Table: RP-2000 Combined Healthy Projected to 2010, 50% White Collar, 50% Blue Collar; separate for males and females.

Sample rates as follows:

Active & Retiree Mortality

Age	Male	Female
20	0.000285	0.000163
25	0.000340	0.000180
30	0.000514	0.000261
35	0.000798	0.000441
40	0.001043	0.000655
45	0.001375	0.001023
50	0.001830	0.001497
55	0.003095	0.002483
60	0.005895	0.004578

Termination Rates: 2003 Society of Actuaries small plan withdrawal.

Sample rates as follows:

Age	Withdrawal
20	0.243000
30	0.155000
40	0.094000
50	0.056000

Retirement Rates:

Police

Age	Retirement
40-54	8.0%
55-61	25.0%
62	100.0%

Fire

Age	Retirement
40-54	3.0%
55-64	25.0%
65	100.0%

All Others

Age	Retirement
55-61	10.0%
62	35.0%
63-64	20.0%
65-69	40.0%
70	100.0%

Spousal Ages: Actual age, if reported for retirees. Otherwise males were assumed to be three years older than females.

Marriage Percentages: 70% of both male and female employees are assumed to be married at retirement. Actual spousal information was used for retirees.

Participation rate: 100% of employees currently enrolled in the medical plan.

Medical Trend Rates:

Year	Medical Trend Rate Self-Funded	Medical Trend Rate IBEW
2010	9.0%	2.3%
2011	8.5%	2.2%
2012	8.0%	8.0%
2013	7.5%	7.5%
2014	7.0%	7.0%
2015	6.5%	6.5%
2016	6.0%	6.0%
2017	5.5%	5.5%
2018 and beyond	5.0%	5.0%

Administrative expenses are assumed to increase by 5% each year.

Aging:

Age	Rate
20-44	2.0%
45-54	3.5
55-59	4.0
60-64	4.5
65-69	3.5
70-74	3.0
75-79	2.5
80-84	1.5
85-89	1.0
90+	0.0

C. Plan Costs

All employees and retirees are assumed to continue their current plan into retirement. Plan costs are composed of *Explicit* and *Implicit* employer cost subsidies.

Explicit subsidies exist when the employer pays for a portion of the retiree's healthcare as measured by the premium or premium equivalent rates. The premium rates for the plan are defined below and the cost-sharing arrangement is detailed in the Plan Provisions.

Implicit subsidies exist when the higher healthcare costs for retirees are not directly reflected in premium or premium equivalent rates. Employers that utilize premium rates based upon blended active/retiree claims experience will generally have an implicit subsidy. There is an exception for plans using true community-rated premiums. An implicit subsidy is the difference between the per capita claims costs of the retirees and the blended premium rates for all plan members.

Monthly Medical Premiums: Medical premium rates are as follows:

Self-Funded Plan	7/1/2010
Single	$547.00
Family	$1,226.00
Medicare Part B	$ 110.50
IBEW	
Single	$1,075.00

Per Capita Claim Costs: 2010 Annual cost per capita at age 65 is as follows:

Pre-Medicare	Post-Medicare
$11,416	$3,425

Medicare Integration: Medicare is assumed to pay 70% of plan costs after age 65.

Administration Fees: 2010 Annual administrative fee is $280 per enrollee.

Stop Loss Fees: Annual Stop Loss fee is $390 per retiree and $408 per spouse.

A. Medical Benefit Provisions

New York State Employees Retirement System (NYSERS) eligibility requirements:

Tier 1 (Member before July 1, 1973)

a. For reduced pension benefits: Age 55 with 5 years or more of service
b. For full pension benefits: Age 55 with 20 years of service

Tiers 2, 3, and 4 (Became a member between July 1, 1973 and December 31, 2009)

a. For reduced pension benefits: Age 55 with 5 years or more of service.
b. For full pension benefits: Age 55 with 30 years of service or age 62 with 20 years of service

Tier 5 (Became a member on or after January 1, 2010)

a. For reduced pension benefits: Age 55 with 10 years of service.
b. For full pension benefits: Age 62 with 10 years of service or age 57 with 30 years of service.

New York State Police and Fire Retirement System (NYSPFRS) eligibility requirements:

All Tiers: 20 years of service at any age.

All groups receive full reimbursement of the Medicare Part B premium.

The Watertown Police Benevolent Association, Inc.

Eligibility:	An employee must be eligible to retire under the New York State Police and Fire Retirement System (NYSPFRS).
Medical Cost:	*Hired on or before June 30, 1983* The City pays 100% of the cost of coverage for life in retirement. *Hired between June 30, 1983 and June 9, 1998* The City pays 88% of the cost of coverage for life. *Hired on or after June 9, 1998* The City pays 88% of the cost of coverage until the retiree attains age 65. Post-65 retirees must pay 100%.
Surviving Spouses:	Upon death of the retiree, the surviving spouse is responsible for all premium expenses.

Management Employees

Eligibility: An employee must be eligible to retire under the New York State Employees Retirement System (NYSERS).

Medical Cost:

Hired prior to July 1, 1983
The City pays 100% of the cost of coverage for life in retirement.

Hired between July 1, 1983 and January 1, 1996
1. Single coverage – Retiree pays $25 less bi-weekly than family coverage for life.
2. Family coverage – Retiree pays 25% bi-weekly of difference between individual and family coverage for life.

Hired on or after January 1, 1996 (Mid-Level)
1. Single coverage – Retiree pays $25 less bi-weekly than family coverage to age 65. Post-65 retirees must pay 100%.
2. Family coverage – Retiree pays 25% bi-weekly of difference between individual and family coverage to age 65. Post-65 retirees must pay 100%.

Hired on or after January 1, 1996 (Upper-Level)
1. Single coverage – Retiree pays $25 less bi-weekly than family coverage to age 65. Post-65 retirees must pay 100%.

Family coverage – Retiree pays 25% bi-weekly of difference between individual and family coverage to age 65. Post-65 retirees must pay 100%.

Promoted to Upper-Level on or after August 12, 2000
1. Single coverage – Retiree pays $25 less bi-weekly than family coverage to age 65. After age 65, the retiree pays 20% of the cost of coverage.
2. Family coverage – Retiree pays 25% bi-weekly of difference between individual and family coverage to age 65. After age 65, the retiree pays 20% of the cost of coverage.

Surviving Spouses: Upon death of the retiree, the surviving spouse is responsible for all premium expenses.

The Watertown Professional Fire Fighters' Association, Local 191

Eligibility:	An employee must be eligible to retire under the New York State Police and Fire Retirement System (NYSPFRS).
Medical Cost:	*Hired on or before June 30, 1983* The City pays 100% of the cost of coverage for life in retirement. *Hired between June 30, 1983 and October 9, 1997* The City pays 88% of the cost of coverage for life. *Hired after October 9, 1997* The City pays 88% of the cost of coverage until the retiree attains age 65. Post-65 retirees must pay 100%.
Surviving Spouses:	Upon death of the retiree, the surviving spouse is responsible for all premium expenses.

Civil Service Employees Association, Inc. Local 1000, AFSCME, AFL-CIO

Eligibility:	An employee must be eligible to retire under the New York State Employees Retirement System (NYSERS).
Medical Cost:	*Hired prior to July 1, 1983* The City pays 100% of the cost of coverage for life in retirement. *Hired between July 1, 1983 and December 23, 1993* The City pays 100% of the cost of single coverage and 88% of the excess portion of the cost of family coverage for life. *Hired between December 22, 1993 and March 1, 1999* The City pays 88% of the cost of coverage for life. *Hired after March 1, 1999* The City pays 88% of the cost of coverage until the employee attains age 65. Post-65 retirees must pay 100%.
Surviving Spouses:	Upon death of the retiree, the surviving spouse is responsible for all premium expenses.

IBEW Local Union 1249

Eligibility:	An employee must be eligible to retire under the New York State Employees Retirement System (NYSERS).
Medical Cost:	*Hired on or before July 1, 2003* The City pays 85% of the cost of coverage for life. *Hired between July 1, 2003 and June 30, 2007* The City pays 85% of the cost of coverage until the retiree attains age 65. Post-65 retirees must pay 100%. *Hired on or after July 1, 2007* The City pays 80% of the cost of coverage until the retiree attains age 65. Post-65 retirees must pay 100%.
Surviving Spouses:	Upon death of the retiree, the surviving spouse is responsible for all premium expenses.

Actuarial Accrued Liability – The portion of the Actuarial Present Value of benefits attributed to employee service rendered prior to the valuation date. Under the Aggregate Actuarial Cost Method, the Actuarial Accrued Liability is equal to the Actuarial Value of Assets.

Actuarial Present Value - The value, as of a specified date, of a future benefit cost or series of benefit costs, where each amount:

a. is adjusted for the probable effect of events (such as changes in price levels, compensation levels, Medicare, marital status, etc.);
b. reflects the probability of the occurrence of the event (such as survival, death, disability, termination of employment, utilization of services, etc.) on which payment is conditioned, and
c. is discounted according to an assumed rate (or rates) to reflect the time value of money.

Actuarial Value of Assets – The value of cash, investments and other property held in trust to meet the obligations of the OPEB plan, generally adjusted to reflect prior years' experience.

Aggregate Actuarial Cost Method – A method under which the excess of the Actuarial Present Value of projected benefits of the group included in an actuarial valuation over the Actuarial Value of Assets is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations.

Amortization Payment – That portion of the plan contribution which is designed to pay interest on and to amortize the unfunded Actuarial Accrued Liability or the unfunded frozen Actuarial Accrued Liability. The amortization period may not exceed thirty years.

Annual OPEB Cost - Annual OPEB cost is equal to the employer's Annual Required Contribution to the plan (ARC), with adjustments if the employer has a net OPEB obligation for past under or over contributions.

Annual Required Contribution (ARC) - The ARC is an actuarially determined amount that, if paid on an ongoing basis, it would be expected to provide sufficient resources to fund both (a) the Normal Cost for the year, and (b) amortization any unfunded actuarial accrued liabilities (or funding excesses) over a period not to exceed 30 years. Despite the term, GASB 45 does not require the funding of OPEB plans.

Attained Age Actuarial Cost Method – A method under which the excess of the Actuarial Present Value of projected benefits over the Actuarial Accrued Liability in respect to each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between the valuation date and assumed exit.

Consortium – A collection of multiple employers and other entities that collectively negotiate group medical insurance for purposes of pooling risk and creating leveraging opportunities.

Discount Rate – Under GASB 45, the discount rate is the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits. If no pre-funding is established, the discount rate is the rate that would be earned in cash deposits.

Entry Age Normal Actuarial Cost Method – A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings or service of the individual between entry age and assumed exit ages.

Experience Subsidy – Also known as the implicit subsidy. Represents the cost of allowing older, higher risk employees into a medical insurance pool at the same rate as active employees. Calculated as retiree claims less retiree medical premiums paid in total.

Explicit Subsidy – The cost of any retiree premium contributions paid on behalf of retirees by the employer. Calculated as the total premium less retiree contributions.

Frozen Attained Age Actuarial Cost Method – A method under which the excess of the Actuarial Present Value of projected benefits of the group included in an actuarial valuation, over the sum of the Actuarial Value of Assets plus the unfunded frozen actuarial accrued liability, is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations.

Frozen Entry Age Actuarial Cost Method – A method under which the excess of the Actuarial Present Value of projected benefits of the group included in an actuarial valuation, over the sum of the Actuarial Value of Assets plus the unfunded frozen actuarial accrued liability, is allocated on a level basis over the earnings or service of the group between the valuation date and assumed exit. This allocation is performed for the group as a whole, not as a sum of individual allocations.

Health Care Cost Trend Rate - An assumption about the annual rate(s) of change in the cost of health care benefits currently provided by the postemployment benefit plan, due to factors other than changes in the composition of the plan population by age and dependency status, for each year from the measurement date until the end of the period in which benefits are expected to be paid. The trend rate implicitly considers estimates of health care inflation, changes in health care utilization or delivery patterns, technological advances, and changes in the health status of the plan participants

Implicit Subsidy – Also known as the experience subsidy. Represents the cost of allowing older, higher risk employees into a medical insurance pool at the same rate as active employees. Calculated as retiree claims less retiree medical premiums paid in total.

Level Dollar Amortization Method – The amount to be amortized is divided into equal dollar amounts to be paid over a given number of years; part of each payment is interest and part is principal.

Level Percentage of Projected Payroll Amortization Method – Amortization payments are calculated so that they are a constant percentage of projected payroll of active plan participants over a given number of years.

Market Value of Assets – The value of cash, investments and other property held in trust to meet the obligations of OPEB plan at prevailing market rates on the valuation date.

Net OPEB Obligation – The cumulative difference since the adoption of GASB 45 between the annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

Normal Cost - The portion of the Actuarial Present Value attributed to employee service during the valuation year.

Other Postemployment Benefits (OPEB) – Postemployment benefits other than pension benefits. These include (a) postemployment healthcare benefits and (b) other types of postemployment benefits like life insurance, if provided separately from the pension plan.

Pay-as-You-Go – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses are becoming due.

Plan Costs – The real, total expense to an employer as a consequence of offering health insurance benefits. Calculated as the sum of all fees, the explicit subsidy, and the implicit subsidy.

Plan Participant - Any employee or former employee who has rendered service in the credited service period and is expected to receive employer-provided benefits under the postemployment benefits plan, including benefits to or for any beneficiaries and covered dependents.

Representative Claims Cost – The average, expected amount of medical claims at any given age. Calculated based on past experience and plan design.

Unit Credit Actuarial Cost Method – A method under which the benefits (projected or unprojected) of each individual included in an Actuarial Valuation are allocated by a consistent formula to valuation years.

Components of the Annual OPEB Cost by Division

Division	Actives	Retirees	Actuarial Accrued Liability	Normal Cost	Amortization Payment	Annual Required Contribution
CSEA	124	108	$ 35,871,645	$ 270,279	$ 1,517,390	$ 1,787,669
Fire	73	86	$ 33,011,729	$ 162,033	$ 1,396,414	$ 1,558,447
IBEW	3	1	$ 1,012,795	$ 9,184	$ 42,842	$ 52,026
Management	33	19	$ 10,159,490	$ 131,777	$ 429,752	$ 561,529
Police	50	80	$ 32,670,836	$ 132,974	$ 1,381,994	$ 1,514,968
Total	283	294	$112,726,495	$ 706,247	$ 4,768,392	$ 5,474,639

Subdivisions*	Actives**	Retirees	Actuarial Accrued Liability	Normal Cost	Amortization Payment	Annual Required Contribution
Sewer	16	12	$ 5,711,926	$ 33,497	$ 241,618	$ 275,115
Water	26	8	$ 6,433,161	$ 65,600	$ 272,127	$ 337,727

* Employees in the Sewer & Water Subdivisions come from the CSEA & Management Divisions.
** Counts exclude 5 active employees who split duties between subdivisions.