

PROPOSITION D

Fiscal Impact Statement

If the conditions contained in Proposition D are fully implemented, the total projected savings to the City could range from \$3.5 million to \$428 million over the next five years, and \$8.7 million to \$855 million over the next ten years. The implementation of these conditions and the realization of any associated fiscal impact are contingent upon the outcome of the meet and confer process, managed competition and outsourcing requirements of the measure. Some of the conditions are estimated to reduce the City's pension and health care liabilities by approximately \$200 million to \$500 million and reduce taxpayer financial exposure for pension and retiree health care costs by approximately \$20 million to \$50 million annually. The other conditions such as managed competition, outsourcing and benefit reductions could save taxpayers an additional \$626,000 to \$43 million annually. These projected fiscal impacts do not include the additional potential savings from the new Defined Contribution Pension Plan or the results of the Deferred Retirement Option Plan (DROP) Cost Neutrality Study. The estimate savings are based upon current budget information, previous City experience, the application of industry standards and actuarial calculations and are preliminary. Only if the Independent City Auditor certifies that the conditions contained in Proposition D are satisfied, will the City's General Fund receive a net estimated \$102 million annually for five years in new sales tax revenue from the temporary one-half cent sales tax.