

City of Santa Fe, NM
Budget Hearings
Tuesday, April 23, 2019
1:00 PM – Special Finance Committee/Budget Hearings
Council Chambers

AGENDA

- 1. CALL TO ORDER**
- 2. ROLL CALL**
- 3. APPROVAL OF AGENDA**
- 4. CHAIR OPENING REMARKS**
- 5. MANAGEMENT PRESENTATION OF OPERATING BUDGET: (1 HOUR)**
 - a) Mayor and Manager Executive Summary of the Annual Opening Budget
 - b) Employee Compensation and Benefits Changes
- 6. DEPARTMENT REVIEWS: (2 1/2 HOURS)**
 - a) Mayor/Council
 - b) City Manager
 - c) City Attorney
 - d) Constituent & Council Services
 - e) City Clerk
 - f) Arts Commission
 - g) Internal Audit
- 7. UNION EMPLOYEE REMARKS (30 MINUTES):**
 - a) AFSCME Representative
 - b) Police Officers Representative- (POA)
 - c) Fire Department Union Representative- IAFF
- 8. ADJOURN**

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**SUMMARY OF ACTION
CITY OF SANTA FE BUDGET HEARINGS
SPECIAL FINANCE COMMITTEE MEETING
CITY HALL, CITY COUNCIL CHAMBERS
TUESDAY, APRIL 23, 2019, 1:00 PM**

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**CITY OF SANTA FE BUDGET HEARINGS
SPECIAL FINANCE COMMITTEE MEETING
CITY HALL, CITY COUNCIL CHAMBERS
TUESDAY, APRIL 23, 2019, 1:00 PM**

1. CALL TO ORDER

The special meeting of the Finance Committee, Budget Hearings, was called to order by Councilor Roman Abeyta, Chair, at 1:00 pm on Tuesday, April 23, 2019 at City Hall in the City Council Chambers, Santa Fe, New Mexico.

2. ROLL CALL

MEMBERS PRESENT

Councilor Roman Abeyta, Chair
Councilor Christopher Rivera
Councilor Signe Lindell
Councilor Michael Harris
Councilor Carol Romero-Wirth

MEMBERS ABSENT

OTHERS PRESENT

Mayor Alan Webber
City Manager Erick Litzenberg
Councilor Peter Ives
Councilor Rene Villarreal
Councilor JoAnne Vigil Coppler
Mary McCoy, Director, Finance Department
Brad Fluetsch, Finance Department
Elizabeth Martin, Stenographer

3. APPROVAL OF AGENDA

MOTION A motion was made by Councilor Romero-Wirth, seconded by Councilor Lindell, to approve the agenda as presented.

VOTE The motion passed unanimously by voice vote.

4. CHAIR OPENING REMARKS

Chair Abeyta welcomed everyone to the first day of budget hearings. He reviewed the procedure he will follow for the hearings as follows: as presentations are made he will recognize Finance Committee members first for questions and will then recognize other members of the Governing Body for questions. Motions and voting are limited to members of the Finance Committee. Other Councilors can ask a member of the Finance Committee to make a motion or a change. We will vote on each individual Department as in the past. If a Department is not ready we will postpone that to a later date to allow staff to bring back further information if necessary. As far as time we will move along as we need to, but today we will stop at 4:30 for Union Representatives comments. Whatever we do not get to today we will discuss with the Finance Committee to determine how we want to proceed.

5. MANAGEMENT PRESENTATION OF OPERATING BUDGET

A. MAYOR AND CITY MANAGER EXECUTIVE SUMMARY OF THE ANNUAL OPERATING BUDGET

Mayor Webber said it is nice to see a well run meeting for a change. He was thinking last night about this and how different this is for him from last year when he arrived a few days before the budget was completed and he was told this is your budget. His stock answer at the hearings was I don't know and will get back to you. He would like to begin by complimenting the entire team of the Finance Department, the HR Department and all the Department Heads who helped create this budget. This was put together through a rigorous process, a collaborative process and an iterative process of how Departments serve, overarching values, digging into existing programs that need to be supported and looking at new and additional programs for each and every Department. It was a team experience and a pleasure for him to participate in it and to see the Finance and HR Departments, who spearhead this, collaborating. Too often we see Departments as silos only looking at their responsibility and not looking across as a shared responsibility. May times we talked to Department Heads who talked about programs and projects that are shared with multiple departments. It was a backstage pass to what went on to build a budget that is fiscally responsible, takes care of the people who work for the City and seek to build better relationships with Union and non Union members of the team. There are themes. The first one is people first. As was documented by our Class and Comp Study and the research we have done about pay we have provided compensation for our public safety personnel that the City has unpaid debts with. We need to catch up with. We have deferred maintenance in buildings and we have deferred how we compensate and take care of our people. This budget is first and foremost dedicated to our employees and addresses the fact that we value their contributions every single day and we believe we need to pay them what the market dictates and build that relationship going forward. This budget is a snapshot in time, but is the beginning of a process to build relationships and strategy. At the same time we

have programmatic priorities. An expression of our values. Unify the City, treat all parts of the City fairly and respectfully. We have deferred maintenance in development in every part of the City and investing in every part of the City for our people to live, work, play and have services. As the budget unfolds you will see dollars committed to certain programs, but the story behind those programs is a story of fairness and equity and healing divides that have for too long been part of our City. We are commitment to service to our citizens of Santa Fe timely, effectively and seamlessly and to track peoples requests without any dropped information. We will invest in things invisible like software and information technology. To be a Smart City we have to have the technology to act in a smart way. We are committed in this budget to be sustainable. You will see solarization, LED street lights and make the City respond to climate change in a very real way. Earth Day was yesterday. He was reminded that every day needs to be Earth Day. We take that very seriously. We are also investing in housing. We asked our Community Services Director what her priority was. She said housing. In order to do the work to take care of people we need housing of all kinds across the City. We need to do better planning at a community level and use our assets such as Tierra Contenta, the Railyard and the Midtown Campus. We have assets on our balance sheet that are simply not handled in a fiscally responsible way. This opens that chapter that has been neglected for quite a while. There is a commitment to make our own house run better for a better future. He is looking forward to looking at the committees work and answering questions when appropriate and there is a team of staff to give you answers. If we do not have answers in real time we will be taking notes and will get back to you as soon as possible.

City Manager Litzenberg said the Mayor expressed our values of people first, equity and sustainability. Those values are woven throughout our proposals in this budget. It is something we as a team see as important. We all agree paying our people right and correctly is the first thing. You will see approximately \$4 million dedicated to changing the base structure for pay for all City employees. We believe what we have in the Class and Comp Study and we see this as a step to take care of our employees. Expressed values are seen in Land Use and recreation. A reorganization in Community Services includes adding the Public Defender and Navigators in that Department. There are minor things with risk and safety and LEAD and the Fire Department. We are looking at programs that follow through with the expressed values. In Public Works there will be Project Managers who follow through with projects in the City and at the Airport. We will continue to look at and improve ERP. It is all to help all of us do the right work in the City day in and day out including housing, affordable housing and Economic Development. We intend to make improvements to Constituent and Council Services. It is getting formed and starting to deliver good services. It will allow us to be proactive and not just reactive. We are looking to improve our website and communications. We look to put safety at the top of everything we do. Safety officers, outside evaluation of our current practices and best practices. Career paths in the Police Department and incentives to help them stick around. EMS has become a bigger part of the work for the Fire Department and we propose a division for that. He is super proud of what the Finance department did to create this budget including everyone in

this audience. He thinks this budget reflects the values you as a Governing Body believe in. He looks forward to dialogue and questions with you.

Ms. McCoy stated that we will give you an overview of the fiscal year 2020 budget to set the context of the series of hearings we will have over the next two weeks. This budget increased investment and balances. We took, with the Mayor and City Manager, a deep dive into each Department's budget. We looked at one time expenditures and needs for more investment. Where there were areas where dollars were saved we allowed those dollars to be reinvested in high impact areas. Bernadette will review for you a significant investment in the City's most valuable asset, our employees. The City is proposing to fund changes based on the City Comp and Class Plan. This is the first time in ten years this has been reviewed and acted upon. The budget funds many investments prioritized by the Governing Body, the Mayor and neighborhoods. The highlight is that the City of Santa Fe is fiscally responsible. We are able to shore up our General Fund Reserves to 10% which is what the City Council mandated. Christina Keys will review the City revenues and Brad Fluetsch will review expenditures for all funds and the General Fund.

The power point presentation given is herewith attached to these minutes as Exhibit "1".

Ms. Keyes and Mr. Fluetsch presented their portions of the power point presentation.

B. EMPLOYEE COMPENSATION AND BENEFITS CHANGES

Bernadette Salazar

Ms. Salazar stated that this budget places a high priority on employees. Our recommendation is to implement the Class and Comp Study as recommended by our consultant including funding the collective bargaining increases currently in place, 2% for AFSCME, 2% for Fire along with 1% for longevity and Police Union employees.

Ms. Salazar reviewed her portion of the power point presentation included in Exhibit "1".

Ms. Salazar introduced Dawn Montano and Todd Gurley from AON Health Solutions, the City's health insurance and other benefits consultants.

Mr. Gurley presented a handout to the Committee including spreadsheets regarding health benefits and increases.

The handout is herewith attached to these minutes as Exhibit "2".

Ms. Montano and Mr. Gurley reviewed the information in the handout.

Councilor Romero-Wirth asked on the excise tax and the delay when has that delay usually been disclosed and when have we known about it and how does that fit with our budget cycle.

Ms. Montano said it happens at different times of the year. Last year it happened at the end of the calendar year. When it goes into an election year they tend to delay it and make it effective when the new President is in place.

Mr. Gurley said on page 17 it talks a bit about that. It is usually coupled with other Acts. It varies.

Councilor Harris asked for clarification on page 5 these proposed increases, is this the money from the City of Santa Fe.

Mr. Gurley said it is the City's share.

Councilor Harris asked is the 1.5 comparable to what employees see as well.

Mr. Gurley said on a percentage basis yes. The City pays roughly 76.5% of the total and employees pay 24.5%.

Councilor Harris asked so the 1.5 is the City's 76.5%.

Mr. Gurley said correct. \$1.9 million is the total increase for the city and employees. That is shown on page 4.

Councilor Harris asked do you need approval on the proposed increases today.

Ms. Montano said correct. We would like approval of the increase. If the City budget cannot sustain that then to bring the increase down we need to look at the changes on page 15.

Councilor Harris asked right now the proposed recommended budget has the \$1.5 million included in it.

Ms. McCoy said yes it is reflected as the City share in the budget.

Councilor Harris asked if we want to look at page 15 is that something we can do now or are there constraints in Union contracts.

Ms. Salazar said we can make changes in AFSCME and non Union. There are are some constraints for Police and Fire.

Councilor Harris asked how are claims handled.

Ms. Montano said you hired CIGNA to administer your plan and they handle claims through their system.

Councilor Harris asked what does CIGNA have to say about significant increases for high cost claimants and why that happens.

Mr. Gurley said it is largely random and non-controllable costs such as cancer and end stage diseases. CIGNA makes efforts around controlled costs.

Councilor Harris asked in general, regarding the demographic of our employees, do we look at that age wise.

Mr. Gurley said absolutely. Our demographic is similar to other municipalities across the country.

Councilor Lindell said welcome and thank you for being here. This is a really well put together report. It is very understandable. What is the area where we have the highest number of claims.

Mr. Gurley said in sheer numbers, not dollar amounts, it is office visits, lab and x-ray work.

Councilor Lindell asked any one area of claim like flu or orthopedic.

Mr. Gurley said muscular skeletal is far and away the highest medial claims category.

Councilor Lindell asked what are the claims like on that.

Mr. Gurley said knee and hip replacements and physical therapy.

Councilor Lindell asked is massage a sizable claim.

Mr. Gurley said yes as compared to other employer groups.

Councilor Lindell asked can you get us a breakdown on that.

Mr. Gurley said yes.

Councilor Lindell said make sure it goes to the entire Council.

Mr. Gurley said he would do that.

Councilor Rivera asked on page 3 please explain the City of Santa Fe funding level.

Mr. Gurley said the funding level shown is the total funding set aside for that fiscal year. That included the City share and the employees share.

Councilor Rivera asked it had been pretty consistent until this last fiscal year. Why is that.

Mr. Gurley said this is not a complete fiscal year yet.

Councilor Rivera asked so do we anticipate that will be a bit more consistent.

Mr. Gurley said yes, assuming there are no drastic swings in enrollment.

Councilor Rivera asked so fixed costs are not for the entire year as well.

Mr. Gurley said yes.

Councilor Rivera asked could there be a surplus

Mr. Gurley said we estimated it would run a \$600,000 deficit based on the increase to funding estimated. At this point it looks to be right around that level.

Councilor Rivera said the surplus /deficit has really jumped around year to year.

Mr. Gurley said healthcare cost claims are unpredictable. In the second to last row the increases and total costs have been fairly steady for the last three years. They are in line with national and local trends. That is the basis of the recommended increases.

Councilor Rivera asked if we accept a \$1.5 million increase will there be no deficit and will there be a surplus the next few years.

Mr. Gurley said no. The margin in that is a 9.9% increase. It is our best estimate of the costs for the next fiscal year. It should not create a surplus or deficit.

Councilor Rivera said he wants to remind everyone that the benefits the City has are some of the best in the State and one reason that keeps many employees here. It is a great attraction for employees to the City. He hopes we take the recommendation of the consultants. It has been budgeted for.

Ms. McCoy said yes it has.

Councilor Villarreal said she is curious if you all tracked or had an understanding of when the Wellness Program got implemented and how that effected claims. Is there a way to analyze that because we had a proactive way to deal with health and wellness.

Ms. Salazar said the Wellness Coordinator was here the last ten years so about ten years. She just retired.

Councilor Villarreal said an analysis on that would be helpful to the City related to claims.

Mr. Gurley said generally there is a lag time between the implementation of a wellness program and results. Also a program is difficult to analyze for success or failure due to the large turnover of employees. Generally they do help with healthcare costs.

Ms. Salazar said if you look at the numbers again it depends on the year and the type of claims we see. Wellness programs are helpful and change lifestyle behaviors. We will continue that. We will also include some additional opportunities for employees for things like healthy cooking and things of that nature.

Councilor Romero-Wirth asked are we evaluating our Wellness Program against claims we are getting to make sure what we are offering is helping to contain those costs.

Ms. Salazar said we were not evaluating, but are now as we engage in new opportunities for employees.

Councilor Villarreal asked did you consider the benefit changes and do you have an opinion about that.

Ms. Salazar asked are you talking about the increases.

Councilor Villarreal said the changes in benefits such as co-pays going up and premiums increasing. Was there a staff perspective on that.

Ms. Salazar said we did look at this and that is why we asked the consultants to provide benchmark data to let us know where we stand compared to other organizations. To manage our claims costs we feel this is necessary now and in the future.

Councilor Villarreal said you are suggesting all three plans and making adjustments. Your last recommendation of next steps, is that all plans or just the premium plan.

Mr. Gurley said only on the premium plan. Fewer than 100 employees are on the

other two plans.

Councilor Vigil Coppler said the \$1.5 million is budgeted. Does that include any of the excise tax issues.

Mr. Gurley said the excise tax will not kick in until at least 2022 so it is not in this budget. The changes will help mitigate that in the future.

Councilor Vigil Coppler asked is that planned for in any discussions.

Ms. Salazar said yes, we have heard of this and wanted to begin the discussion in the event it was enacted in 2022 so we are prepared. As we continue with our quarterly reports we will continue to discuss this and bring updates to Council.

Councilor Vigil Coppler said the Wellness Program and the staff person budgeted for that are you continuing with that staff person and is it charged off to benefit costs.

Ms. Salazar said yes, it is a budgeted position and we are in the recruitment process for that now. The position is funded through the Benefits Fund.

Councilor Villarreal asked on massages are those voluntary massages or doctor ordered.

Ms. Salazar said as the plan stands today, you do have to have an order from a doctor.

Ms. Montano said when the City of Santa Fe moved from United Healthcare to Cigna one of the changes was requiring medical necessity for that benefit provision. Prior to Cigna employees could get massages and be covered by plan. When we put Cigna in they put some barriers around that. An employee has to go to a physician and have the doctor order that as a viable form of physical therapy.

Councilor Ives said a number of years ago the Governing Body established a \$5 million reserve. He not seen any of that reflected in here and is wondering where that is. Does this budget include maintenance of that as directed by the Governing Body.

Ms. Salazar said there is no formal policy for a Reserve Fund for the Health Fund. It was recommended that it be \$5 million. That standard could vary. Currently our fund balance is at \$7 million. The average monthly claims over a year are \$1.6 million plus administration fees of \$128,000 totals a bit over \$1.7 million a month. Her recommendation is in the event of a budget shortfall or economic downturn we have a fund balance of \$5 million to \$7 million.

Councilor Ives asked there is no established policy on that.

Ms. Salazar said no there is not.

Councilor Ives said we need to look into that.

Councilor Lindell asked do we need to vote on this today or do we have more time to bring this into committee for future discussion.

Chair Abeyta said that was his question as well.

Ms. Salazar said we can have some more time through the process. We do need to wrap up the contract for Cigna.

Chair Abeyta asked we have time for the premium increase.

Ms. Salazar said we do need it in order to start open enrollment.

Ms. Montano said we normally open enrollment for employees in June. In order to have everything ready in the system and the tools for them we need the information by mid May to be able to finalize that in time.

Chair Abeyta asked do we have to increase premiums this fiscal year.

Ms. Salazar said that is at the discretion of the Council. If premiums are not increased we would need to talk about that.

Ms. McCoy said the alternative if we do not do increase would be to dip into the Reserves as has been done in prior years. We will follow up with a Reserve policy to forecast how far we could go before compromising fund levels.

Councilor Rivera said this is part of the City budget and has to be decided in the budget process.

Ms. McCoy said early May is the earliest Council date for this.

Councilor Rivera asked what is the anticipated date.

Ms. McCoy said May 8th.

Councilor Rivera said he doesn't know if there is time to go through the committee process. Just this budget process.

Ms. McCoy said that is what we recommend. Finance Committee could make a determination with their vote and then go to Council.

Councilor Romero-Wirth said this is the committee process right now and right

here. It is confusing because we are all here. If there is more we want to talk about we do have scheduled time at the end of these two weeks to tack on more information if required.

Chair Abeyta said he would like the Committee to do that.

Councilor Harris said his thoughts are to acknowledge and do the premium increase. We avoided it last year and the year before. Examining our Reserve Policy is important. It pleases him to hear that we have \$7 million so in practice we have adhered to that. He thinks there needs to be a discussion about our plan and as we try to strike a balance in salaries and wages look at the whole package, but for the time being he thinks the increase to employees should be manageable. It is a generous plan. We should go ahead and accept the premium increase as part of the budget.

MOTION A motion was made by Councilor Harris, seconded by Councilor Lindell, to approve the premium increase for healthcare as presented.

Councilor Romero-Wirth said she thinks we do need to look at the excise tax issue at Finance Committee and the committee process in the coming months. Take a deep dive into what that means and how we plan for that in a prudent way.

VOTE The motion passed unanimously by voice vote.

6. DEPARTMENT REVIEWS

A. MAYOR/COUNCIL

City Manager Litzenberg reviewed the Mayor/Council portion of the budget in the budget book.

Chair Abeyta asked there are no new positions proposed.

Mr. Litzenberg said no.

Councilor Harris said he is looking at the spread sheet for dues on page 2 it shows Los Alamos County for \$10,000. What is that about.

Mr. Fluetsch said that is for the Los Alamos County Regional Coalition.

Councilor Harris asked those are annual dues.

Mr. Fluetsch said correct.

Councilor Harris said he would love to see an operating budget for that Regional Coalition.

Chair Abeyta asked who is our representative.

Councilor Romero-Wirth said Councilor Ives.

Councilor Vigil Coppler said she is wondering about public financing for elections. There does not seem to be a proposed budget for that.

Chair Abeyta said that is covered in the Clerks budget.

Ms. McCoy said correct.

Councilor Villarreal said she was happy to see the Council salary increase. She was wondering about that and thought there was other legislation that required an increase in previous years, not just in 2018.

Ms. Salazar said after conducting research on the salaries and in conjunction with the City Attorney, we determined that an increase happened in the last three years.

Councilor Villarreal said she just wanted to make sure we are up to par and reflecting that on our paycheck.

Councilor Villarreal said she would also like to see the operating budget of the Los Alamos organization.

MOTION A motion was made by Councilor Rivera, seconded by Councilor Lindell, to approve the Mayor/Council budget as presented.

VOTE The motion passed unanimously by voice vote.

B. CITY MANAGER

Mr. Litzenberg reviewed the packet information on his budget.

Chair Abeyta asked is there detail explaining major changes.

Ms. McCoy said this is the format we are proceeding with this year. We will provide this detail with references for each Department for ease of reference.

Chair Abeyta said regarding the high definition upgrade we were told a year ago that negotiations were happening with Legal and Comcast. He would like you to check

with Legal to see if the negotiations are done.

Mr. Litzenberg said understood.

Councilor Romero-Wirth said there is \$600,000 upgrade for City Hall. Did she see that right. Is that coming later. How does that work.

Mr. Fluetsch said that is in the capital budget. In the budget book, in the capital budget, it shows \$600,000 for City Hall.

Councilor Romero-Wirth asked is that different from what we talked about here.

Mr. Fluetsch said yes, \$600,000 is part of 2018 GRT bond.

Councilor Romero-Wirth asked have we ever thought about providing access to our committee meetings. The major Council meetings like Finance, Public Works and Public Utilities. Televising them or providing them via audio feed of some sort.

Mr. Litzenberg said it is something we could consider in the future if you wish us to.

Councilor Romero-Wirth said she thinks we could look into the cost of it and be cognizant of that as a possibility.

Mr. Joe Abeyta asked what Committees are you thinking about.

Councilor Romero-Wirth said Finance, Public Utilities and Public Works.

Mr. Abeyta said he would look into that.

Councilor Harris asked do you have any sense of how many people watch our Council meetings.

Mr. Abeyta said if there are controversial issues there is a high audience, if not there is not a very high audience.

Councilor Harris asked do you have what a normal number would be.

Mr. Abeyta said there are ten right now. This is a live broadcast. For the last Council meeting there were 54, the previous one was 80, the one on the southside was 176 and the one previous to that was 84. February 1st was a big one at 482. The biggest one was the meeting at the Rodeo grounds. That was in the thousands.

Councilor Romero-Wirth asked can you tell who watched later and who in real time.

Mr. Abeyta said he can find that out.

Councilor Rivera asked how much social media stuff do you do now. He thought Constituent Services was handling some of that.

Mr. Abeyta said he produced the videos and he puts them up on Facebook if they ask.

Councilor Rivera asked how does an increased presence in social media happen with Joe.

Mr. Litzenberg said social media is the way we communicate with constituents across the board through Joe, the Public Information Office, Constituent Services and other Departments as well.

Mr. Abeyta said Matt Ross did a lot of it before he left. Since he left he has jumped in on that.

Councilor Rivera said he agrees with breaking down silos. He thought we were in the process of assigning costs. Social media is in several different places. How are you keeping track of the funding part of it.

Mr. Litzenberg said the funding part is not of huge concern. The important part is that there is more information coming out of every Department across the City and getting out to our constituents and there is more information from constituents coming back to us.

Councilor Rivera said the Police Department has it's own social media department. Are those coordinated through one office.

Mr. Litzenberg said we are trying to get content coordinated into one office and link them together so there is one City product going out.

Councilor Rivera on page 2 it shows \$70,000 and \$35,000, is that remaining in your budget or will it be included in Emergency Management and the Airport budget.

Mr. Litzenberg said the total cost is \$70,000. \$35,000 will be in Emergency Management and \$35,000 will remain in the City Manager's budget.

Ms. McCoy said this was an oversight on our part. Moving the funds from the City Manager into Emergency Management should be done.

Councilor Rivera asked the Public Defender, was that not part of the City Attorney's Office before.

Mr. Litzenberg said it can't be part of the City Attorney's Office. It needs to be separate. Prior to this it was overseen by the City Manager. We moved it into Community Services. That makes the more sense. The Community Services Director says it makes total sense.

Councilor Rivera asked why not the Court's budget.

Mr. Litzenberg said he assumes it would not be appropriate in the Court's budget.

Councilor Villarreal asked on the organizational chart Asset Development is no longer under General Government, where was it moved to.

Mr. Litzenberg said it moved to Economic Development.

Councilor Villarreal asked will we see that under their budget.

Mr. Litzenberg said yes.

Councilor Villarreal asked the PIO is under where.

Mr. Litzenberg said it is under Council and Constituent Services.

Councilor Villarreal said it would be helpful if we knew how many employees are in each Division. Where is Multi Media.

Mr. Litzenberg said the PIO is in the Constituent and Council Services budget and Multi Media is in the City Manager's budget.

Councilor Villarreal said it is confusing to know who falls under what and who has direct supervision. It would be helpful to understand how many staff people make up each area. We had that for last year's budget. Who is under what.

Ms. McCoy said the organization charts are Division level and are in the budget book. We can provide that level of detail for you.

Councilor Villarreal said that would be helpful.

Councilor Romero-Wirth asked are you looking for FTEs or titles or both.

Councilor Villarreal said on some FTEs are helpful and on some it is helpful to have the title.

Ms. McCoy said we are happy to provide the detail breakdown. We have that readily available.

Councilor Villarreal said that would be helpful.

Councilor Vigil Coppler said on the social media issue, she does not see any problem with social media duties being apportioned in various departments who have enthusiasm in what they do. They know more about their departments and what they do. What she does not understand is what positions are doing this. She often see responses from the City to some of the comments and wonders about that. Who is this speaking on behalf of the City. It is important to know. Who does she go to if she has something to contribute. Also do we have a social medial policy in place.

Mr. Litzenberg said he would give her a list of who we have answer on behalf of us. We are working on a City Social Media Policy. He is happy to share that with you as it develops.

Councilor Vigil Coppler said that is important. She thinks it is important to know who is doing this on behalf of the City. Not that it is a problem.

Councilor Vigil Coppler said the budget policy for hiring, she is wondering how that works. Last budget season, for example, Constituent Service's budget identified an amount of money for each position. The hires we made went above that. Is that allowed in all departments or just the City Manager's office to go over budget for budgeted positions.

Ms. McCoy said we have a rigorous process to review each budget. HR checks for HR policies and salary ranges. Budget checks to see if there is sufficient budget available. We will provide that analysis for the positions you are referencing.

Councilor Vigil Coppler said she knows the details, she is wondering about policy. If a position is budgeted at \$40,000 is there a rule that you can go 15% above that. What is it. Especially when there was a finite amount of money approved by the Governing Body in terms of the budget document. It is a recurring expense. It is a way to control costs and employ equity and fairness across departments. If one department is able to recruit and hire more than budgeted should another departments be allowed to do that. Equity and fairness. If it is not controlled it creates inequity. Her concern is to create equity. It effects employee morale. She wanted to bring that up. It is an issue and should be addressed sooner than later. There needs to be a hiring policy that offers fairness and equity.

Ms. McCoy said as a budget policy each vacant position is budgeted at the mid point of the range. We look at the budget, we give the Department Director the flexibility to bring in candidates with more experience up to near the high end of the range. We do require an analysis of each position if it is higher than the range. Departments have to show us they are not using vacancy savings to fund the position.

Councilor Vigil Coppler asked are there estimates and analysis of recurring costs.

Ms. McCoy said absolutely. Annual costs are included. Fiscal impact analysis includes that and the cost of benefits.

Councilor Vigil Coppler said we have a lot of good detail in there, but she has yet to see a salary chart with ranges listed and rates of pay for each salary range. When we analyze the budget and have new positions it would be good to have rates of pay for context.

Councilor Vigil Coppler said she would like to see an analysis of how many FTEs we have by categories with a comparison to next year.

Ms. McCoy said we have all that information and will present that with each of the departments. It is important to keep track of the changes year to year. In the budget document there are references to creating positions and adding positions. We are reclassifying positions that have been vacant for months or years. It has been a great experience to work with the Department Directors throughout this process to see where we can or cannot fill positions or positions that are no longer needed. We then reclass to other purposes currently needed.

Councilor Rivera asked the fiscal impact analysis, are those available for review.

Ms. McCoy said absolutely. Everything we do is public record.

Councilor Rivera said there are a couple he would like to review.

Ms. McCoy said the fiscal impact analysis gives the true cost of the position and the person they are hiring into the position. It is the true cost.

Councilor Rivera asked what do we have that determines the difference in pay for the same job duties, education and years of experience.

Ms. Salazar said that process is vetted through the recruitment process. HR evaluates that to make sure we are in compliance with all collective bargaining agreements.

Councilor Rivera asked what determines the difference in pay based on the amount of education and experience.

Ms. Salazar said it is based on the needs of the department and how difficult it is to recruit for or hire for.

Councilor Rivera asked how is the final determination made.

Ms. Salazar said the Department Director makes the final recommendation and it goes through HR, Finance and the City Manager.

Councilor Rivera said there are some inequities in that process. Maybe there should be a formula developed to provide equity.

MOTION A motion was made by Councilor Harris, seconded by Councilor Lindell, to approve the City Manager's budget as presented.

VOTE The motion passed unanimously by voice vote.

EMERGENCY MANAGEMENT

David Silver

Mr. Litzenberg said the second half of his budget is Emergency Management. We are ready to discuss that. It was not given a specific spot in the two week budget hearing agenda.

Chair Abeyta said we will look at that now.

Mr. Silver reviewed the information in the budget book.

Councilor Romero-Wirth asked what are you doing with regards to coordinating with schools around gun violence and making sure we have some readiness.

Mr. Silver said the schools have their own Emergency Manager and a Safety Board that we sit on to coordinate responses if something were to occur. We don't provide any funding to schools from our office in the form of grant funding. There is money available through the Department of Homeland Security.

Councilor Romero-Wirth asked you would be called if something happened.

Mr. Silver said yes, we would be called.

Councilor Romero-Wirth said around flooding, what is your office doing to be ready for that in the future.

Mr. Silver said we are focusing on the infrastructure we currently have. We are working to promote awareness of flood insurance to the community. We are procuring additional supplies such as sand bags. For long term in our mitigation plan we are starting to develop new strategies to work with the stormwater plan to mitigate potential flooding in areas of the City.

Councilor Romero-Wirth asked catastrophic fire incidents, are you thinking about those. We have displacement of people in all of these situations. Are we as a City ready to respond appropriately to help mitigate those situations.

Mr. Silver said yes. The City has a plan identifying key functions. We developed that into a formal Security Response Plan. We are working with Police and Fire on that.

Councilor Harris said he continues to be impressed with Mr. Silver and the professional level of emergency management services he provides. He does a very good job. Thank you.

Councilor Lindell said thank you David.

Councilor Rivera asked are you still funded partially by the State.

Mr. Silver said no. We are general funded. Our salaries are matched to a grant. Those funds are used for other projects.

Councilor Rivera asked so the State funding is no longer going to salaries, but you are still getting it.

Ms. Silver said yes.

Councilor Rivera asked what is the reason for the decrease in grants shown in your budget. The decrease is \$300,000 plus.

Mr. Silver said many of those grants have been spent and we do not yet know the award for the next fiscal year so we have not included them in this budget.

Councilor Rivera asked does that have anything to do with the fact that we are a Sanctuary City.

Mr. Silver said no. He has not seen that and does not think we will see a significant decrease in grants.

Councilor Villarreal said congratulations on Alert Santa Fe. That is a very helpful service we now have. Does that require a subscription.

Mr. Silver said it does, but we partnered with Santa Fe County on that and they pay the subscription.

Councilor Villarreal said great.

Councilor Rivera said he continues to get alerts from the Sheriff's Office. Are they part of the Alert Santa Fe system.

Mr. Silver said we are working with them to get them on board. They have not made the formal switch over. The intention is for the City and County to use a single platform.

MOTION A motion was made by Councilor Rivera, seconded by Councilor Harris, to approve the Emergency Management budget as presented.

VOTE The motion passed unanimously by voice vote.

**C. CITY ATTORNEY
Erin McSherry**

Ms. McSherry introduced the staff accompanying her as Evie Romero, Irene Romero and Jesse Guillen. She reviewed the information in the budget book.

Chair Abeyta asked the increase in the number of funded employees, these were employees you had, but were not correct in the budget.

Ms. McSherry said correct.

Councilor Rivera asked what positions were they.

Ms. McSherry said two paralegals at City Hall. One was unfunded.

Councilor Rivera asked is that included in this budget.

Ms. McSherry said yes.

Councilor Rivera asked have we found a way to pull the funds for providing legal services to the Public Utilities Department from them to pay for time spent.

Ms. McSherry said that is outside council.

Councilor Rivera asked they have no internal council. Does that happen when they use your attorneys. Does it make sense to do that. He thought we wanted to show the expense where it is utilized.

Mr. Fluetsch said we do a general services assessment for HR, Finance and the City Attorney that is funded out of the General Fund and assess Utilities a portion of that. It is part of a general assessment, not on a specific attorney or case. It is more about averages. It is allocated based on services for instance.

Councilor Rivera asked so it is not based on total hours spent based on an average.

Mr. Fluetsch said correct.

Councilor Rivera said he doesn't know what would be more beneficial to your Department. Public Utilities uses attorneys for a lot of time for projects and issues.

Ms. McSherry said if we had a funding shortage in our office that would be accurate. Right now we are funded. One of the benefits of being a City Attorney is not having to do billable hours. The attorneys appreciate being able to dedicate the time they need to do cases.

Councilor Rivera said he is curious how much time attorneys are spending in various departments. That may be handy in future years.

Councilor Lindell said thank you. The amount of work that flows through that office is astounding. Thank you very much.

Councilor Harris said he echoes that. When you look through the accomplishments and goals it is impressive. Good job. He particularly appreciates getting the professional service agreements standardized. On the spreadsheet of services of other City Departments, what is that about.

Ms. McSherry said that is an assessment made by the Finance Department as Brad discussed. It is internal.

Councilor Harris said so fleet, HR, Finance, insurance and things like that are general costs.

Councilor Harris said he is a real advocate for Granicus. It was down the other day, but it is a tremendous tool. He is glad to see we are taking advantage of that.

Councilor Romero-Wirth asked in the litigation goals what is litigation program

Ms. McSherry said she and Mike Prinz received fellowships to attend a class to participate in a program across the United States. We don't know what it will look like yet. We are going to an orientation in a month.

Councilor Romero-Wirth said she is really glad to see that for one sustainable goal you have reduction and elimination of paper. She is trying to do that as well. It is important that we think about those things. She is also very interested in revamping the committee and Governing Body procedures. There are a lot of things we can do better. She is happy to see it as a goal.

Councilor Villarreal asked on Legislative Services, will there be two employees or just Jesse.

Ms. McSherry said we have the position for the assistant funded so we are assessing how things are going now. It is a position that is funded in this budget.

Councilor Villarreal asked do you have a budget for translation or interpretation needs related to legal issues that are part of the living wage.

Ms. McSherry said we do not have a specific budget for that. If we need it we can find the funding. We have some Spanish speaking complainants who have come in. We would have to add in a contract for that specifically.

Councilor Villarreal asked if there are formal letters they need in Spanish are you utilizing someone on staff who can produce the letter in Spanish or help with that.

Ms. McSherry said we would contract specifically for that.

Councilor Villarreal asked does that require a budget line item.

Ms. McSherry said if we contract for that it would require a budget. She will look into that.

Councilor Villarreal said there have been people in the past who did not understand letters and legal issues. Think about that when we have to communicate with community members.

Chair Abeyta asked do you have a contract services budget.

Ms. McSherry said we do, but not a separate line item for that.

Chair Abeyta asked do you feel you have adequate funding right now for that.

Ms. McSherry said she thinks so.

Chair Abeyta said he shares Councilor Villarreal's concern. He doesn't want you to not provide the service because we did not give you funding for it.

Councilor Vigil Coppler said on the spreadsheet you have \$50,000 under Contractual Services. In 2018 the budget was a \$79,800. Is that \$50,000 used for outsourcing attorneys.

Ms. McSherry said it is used for outside council on specific matters. The reason it was higher was Gino Zamora. That was an unusual situation.

Councilor Vigil Coppler asked does the attorney pay come out of this budget for those staffing committees.

Ms. McSherry said no, those attorneys are from her staff.

Councilor Vigil Coppler asked for County/City Boards.

Ms. McSherry said no that is not funding for those attorneys. They are funded out of the department budget directly.

Councilor Vigil Coppler said she is glad to see goals proposed to widen the property Ordinance. That is one of the things she is interested in. She would like to participate in that development. Preparation of fiscal impact reports, is that the responsibility of your office.

Ms. McSherry said fiscal impact reports start with Jesse when he is drafting legislation.

Councilor Vigil Coppler asked is there training on that for people who prepare these. There is not enough detail currently. Maybe another goal could be to expand those. They do not have as much information as we need. We need more detail.

Councilor Romero-Wirth said you get an FIR and have no idea what is in the \$10,000 then the next time you see it, it is \$20,000 that shows we do need more details in the estimates coming forward.

Councilor Romero-Wirth said she remembers when she was running for this office there was a lot of concern about what your office does around enforcing the living wage. What is happening with that in your Department.

Ms. McSherry said we just met with the new Workforce Secretary about collaborating with that department. There is a specific procedure in the Ordinance that we are following. He is interested in making that as effective as possible. The Secretary asked us to support him and his efforts. We are going to do so. One of the attorneys she is hiring next month will be assigned to that area. The Labor Department is interested in us supporting some cases. We are involved in one active case now.

Councilor Romero-Wirth said it seems like an area where there is a lot more we could and should be doing. She wanted to flag that to your attention. Talk to advocates about what they are seeing and how to get better communication to them and the avenues they have to bring forward complaints.

Ms. McSherry said she encourages any of you to make sure you lodge complaints with us.

MOTION A motion was made by Councilor Rivera, seconded by Councilor Lindell, to approve the City Attorney's budget as presented.

VOTE The motion passed unanimously by voice vote.

D. CONSTITUENT AND COUNCIL SERVICES
Kristine Mihelcic

Ms. Mihelcic reviewed the information in the budget book.

Councilor Rivera said your budget increased from \$371,000 to \$418,000. What does that entail.

Ms. Mihelcic said services that were not accounted for because it was under the City Manager's Office like the website.

Chair Abeyta asked why the gap. Do you have a break down.

Ms. McCoy said the largest contributor to the increase is salaries. It went from the Mayor's office to a stand alone Division. All the positions for Constituent Services and Council Services are within one budget. Before they were not budgeted in the same business unit. We can get you a break down.

Councilor Rivera asked have there been any other transfers into this Division.

Ms. McCoy said those are the only transfers.

Councilor Harris said as to the new group and new people we now have Constituent Services and Council Services as one Division. You are the Division Director. Under your position we have what positions.

Ms. Mihelcic said Constituent Services, Council Liaisons and Neighborhood Engagement.

Councilor Harris asked are the Constituent Services and Council Liaisons going to work together. He has not seen that yet.

Ms. Mihelcic said we are working closely together in terms of tracking long standing concerns and over arching issues across the City and collaborating so we can be proactive in our approach. Constituent Services has a lot of routine pot hole issues. Council Services is working to identify larger areas and needs for Councilors and issues that stretch City wide.

Councilor Harris said that is going to be one of your challenges. It strikes him as a duplication of effort. He very much appreciates the Council Liaison in Isabel Sharpe. Watch out for duplication of effort. The neighborhood engagement discussion goes back to the last election. It is hard to see where that person is going to fit in. It could be more duplication of effort. You need to outline this clearly.

Ms. Mihelcic said she is working on that. Also we are meeting frequently as a department to make sure there is not duplication. There is a lot of communication within our department.

Mr. Litzenberg said the multimedia position is within Constituent and Council Services. The PIO position is in the City Manager's Office.

Councilor Harris asked is the Multi Media a new person.

Ms. Mihelcic said no that is Joe Abeyta.

Councilor Romero-Wirth asked what is the timing on the Neighborhood Liaison.

Ms. Mihelcic said we advertised it twice and have not found the right person. We are reevaluating the job description to entice a different pool of candidates.

Councilor Romero-Wirth asked what exactly do we want this person to do.

Ms. Mihelcic said organizational coordination and neighborhood engagement.

Councilor Romero-Wirth asked is the idea that maybe this person would help communicate changes in things we consider to make sure neighborhoods understand how they impact them.

Mayor Webber said there are different lanes and functions, but they all add up to coherent whole. The function Council Liaison came from last year's discussion to provide a lane for support of Council that had not previously existed. The idea came out of a hearing last year to professionalize the capability of Council members to have support. That is a lane. The traditional function of fielding complaints from Citizens is a lane. The third lane is community engagement. As we look at the way the City does businesses we are profoundly in the community engagement business with the expansion of the Airport and the issues that will raise, the questions of water reuse and concerns over that and the development of the Midtown Campus. It is different departments, but the same platform. To engage with the people of Santa Fe in a constructive, coherent and collaborative way. We have advertised twice. We have not yet found the person to hire. The job cuts across all departments. Finding the right person to help us build an engagement platform strategy and program is what we are looking for. Seeing the City as a consistent partner in engaging with community issues across the City. There are national nonprofits that have developed best practices and we have spoken with some of them. We do need a dedicated person in that lane.

Councilor Romero-Wirth said that is helpful. Perhaps we are calling this person the wrong thing. This was neighborhood specific. The community engagement piece is very important. It seems maybe it needs to be a community outreach type of position.

Mayor Webber said the word engagement is the critical part of the title. This is a national phenomenon. It is happening across the country as every City deals with equity and displacement issues. We have to listen and gain the trust of all the residents of the City. The creation of this division was exactly the right thing to do. It was well intentioned, but not well coordinated in the past. It will continue to grow and evolve, but the instinct is right.

Councilor Romero-Wirth said as you look at the CRM system, she wants to complain one more time that when she puts something into that system the system is a one way street. She gets nothing back as to if the problem has been addressed and how and if it was to their satisfaction. It is basically a black hole. She stopped referring things because nothing happens. She referred a constituent a year ago and nothing happened. That person was tossed around the City all over the place. It is a system problem. You need to figure out how to better serve the constituents who are referred to us.

Councilor Romero-Wirth said with our Council people one of the areas where these folks can be important to us is in policy development. That comes from personal relationships. We need to pay attention to who is hired so relationships can be built. We need to think more about this.

Councilor Lindell said it has been really helpful to her to have Constituent Service people who are responsive on some things. On the Neighborhood Engagement person we need a person who is well versed in the collection of data and in being able to put together surveys and that kind of thing. She would hope they would have some kind of sophistication in statistics. We have not done well in the surveys in the past.

Councilor Villarreal said she agrees with Councilor Lindell and with Councilor Romero-Wirth regarding her issues with change. We are getting there. The institutional knowledge of people who have been there sometimes gets disregarded. For her it is extremely helpful. We need to value people in the City who have that knowledge. New people does not mean all problems are solved internally. Try to integrate that with new people and ideas are important, but we have not gotten there yet. She thinks there is duplication of efforts and miscommunication. The social media exposure and presence we have is so much better. It is more proactive about communication. She is glad to see that. This talks about a roll out for town hall meetings. Can you explain that.

Ms. Mihelcic said we have started to take what we hear from Constituent Services like pot holes and turn that into a collaboration of information for the public and do informational videos about what crews are doing and how to report pot holes. We have reached 50,000 people. We thought and have heard it would be great to take that same type of information distribution to our districts and different parts of our City. We are working more into community engagement. We decided to do a series of meetings with staff and directors doing town halls at various sites throughout the City. We do have some growing pains. We are working through that. We also lost our PIO so we

are working to find ways to best collaborate. We have seen with this division that everyone wants us to engage with the community with their department.

Councilor Villarreal said she appreciates the team and that everyone wants to be a part of it.

Chair Abeyta said we are going to stop now and will pick up tomorrow with this division.

Councilor Rivera said he is interested in knowing what makes up that \$418,693 and what positions are budgeted within this budget.

Chair Abeyta asked Ms. McCoy to bring that information to the hearing tomorrow.

Chair Abeyta said we are stopping now because he wants to have time to be able to hear from the employee Union representatives.

7. UNION EMPLOYEE REMARKS

A. AFSCME REPRESENTATIVE Michelle Gutierrez

Ms. Gutierrez thanked the Mayor and City Council for their interest in employee salaries. AFSCME represents more than half of the City employees with 760 members.

Ms. Gutierrez read her prepared remarks which are herewith attached to these minutes as Exhibit "3".

Chair Abeyta said he would like to limit comments and questions so that each representative has their full amount of time.

B. POLICE OFFICERS REPRESENTATIVE (POA) Tony Trujillo

Mr. Trujillo thanked the Mayor, City Manger, Chief Padilla and the members of the Committee for their efforts in dealing with the serious issues of the Police Department in the last year.

Mr. Trujillo read his prepared remarks which are herewith attached to these minutes as Exhibit "4".

C. FIRE DEPARTMENT UNION REPRESENTATIVE (IAFF) Jason Arorrd

Mr. Arorrd said we are very pleased to support Chief Babcock's plan for an EMS Division. This Fire Department responds to EMS calls in a lot of ways. It is very important. Our city is fortunate to have in the City folks that are well trained and have a ton of experience. They are incredible firefighters as well. We absolutely endorse and support Chief Babcock's plan. He would like to touch on a couple of things. The Class and Comp Study single tier system did not touch us. It is difficult to understand the difference in the amount of work a Fire Department in a City with private ambulances does as opposed to a Fire Department in a City like ours. Come see how we work. We would like to come up with a fair market value for the amount of work we do. We are happy to work with management through collective bargaining to make increases when we can. Last year with negotiations we were about one and a half percent behind other units. We would like to catch up in that process. A situation we have faced for awhile is issues with recruitment and retention. We lost at least 10% of our members over the last five years. People look to find better wages in a City that has a lower cost of living. Our base rate has not changed in seven years more than 1.62 %. We have a couple of ideas we will share with you. We have a nine person vacancy and would like in the short term to let members know the City is working to put together a short term retention package similar to what the Police Department has. It is a great tool for them and would be for us as well. We are proposing a short term fix. We would like to look at a base rate change long term through the collective bargaining process. 5% to 9% over several years. We lost people at the middle and end of their career. We are excited to work with this City management to address these issues and to continue on a positive road.

Chair Abeyta thanked the Union representatives for addressing the Committee.

Chair Abeyta said we have Internal Audit to do and he would like to address that in the next few minutes.

Mayor Webber thanked the speakers from the Unions. There is a tone and sense of working together that he appreciates. We continue to assess the market and using data on a regular basis to update our sense of what is fair and equitable and what problems there are within our incredibly valuable workforce. We are attempting to make good on past underpayments and striking a new tone of how we work with Union and non Union leaders. We will continue this dialogue going forward and will come to and listen to you at your meetings. We are always aiming to a shared goal of being the best City to work for in the country for public service and work out our problems collaborative. Thank you for being here and for the sense of collaboration. He appreciates that. He promises we will continue to work in that same vein.

8. INTERNAL AUDIT

Mary McCoy

Ms. McCoy said Internal Audit has a budget of \$150,000. She reviewed the

budget book outline.

Councilor Rivera asked who is managing the fraud and abuse hot line.

Ms. McCoy said that hotline is routed to the HR Department. They review the incoming calls in conjunction with the City Auditor's Office.

Councilor Ives asked is there a budget for that.

Ms. McCoy said it is in the HR budget.

Ms. Salazar said she believes it is in the IT budget, but she will verify that for tomorrow.

Councilor Rivera asked what if the complaint is about the HR Department.

Ms. Salazar said then it goes to the City Managers Office.

Councilor Rivera said that is why we set it up initially to be independent. The internal auditor would answer the calls rather than a Department. We need to look at if this is the best way to do it. There are other ways it can be done.

The City Manager said he is happy to look at that.

Councilor Lindell asked what are the audits that are planned to be done.

Ms. McCoy said procurement processes and rewriting the procurement for this Body to approve, a risk assessment identified audit of contracts and HR.

Councilor Lindell asked do we have a schedule for next year.

Ms. McCoy said we will review a schedule with the Audit Committee after funds have been appropriated.

Councilor Romero-Wirth asked forensic audits, are we doing that or thinking about doing that.

Ms. McCoy said we have reached out to the Office of the State Auditor to begin a forensic audit. We have to have a contact with his office and then meet to discuss plans. We will provide an update subsequent to that meeting.

Councilor Romero-Wirth said Finance used to give us an update of the McCard report and where you were with the implementation recommendations. Are you still going to do that and will we see that.

Mr. Litzenberg said that was something we were reporting and something we can bring back for you.

Councilor Romero-Wirth said it is a very important report and she thinks we need to continue to understand where we are as a City in addressing the things identified there. She has a lot of faith in this team that has been assembled. You may want to make sure we are on top of that and continuing to make corrections.

Councilor Vigil Coppler said with regard to the internal auditor she knows we used to have one at Public Works. Is it your goal to someday bring that back internally to the City or will you continue to contract outside.

Mr. Litzenberg said last year we decided to do that. It makes sense to continue to do it in this manner as a clear course of action with an outside auditor. It is something we can talk about in future budgets.

Councilor Vigil Coppler said she has seen it work well in other organizations.

Councilor Vigil Coppler asked regarding the hot line, is that number published or is it just call HR.

Mr. Litzenberg said we have published it in the past. We try to keep it available.

Councilor Vigil Coppler said it is news to her. It is not on the numbers she has. It would be beneficial to have it. It is important. It should be a published number and not an HR number.

Ms. Salazar said it is not an HR number. It is published on our internet which all employees have access to. We can make sure to get it out more so all employees and members of the public have the number.

Councilor Vigil Coppler asked is it outlined in the Personnel Rules.

Ms. Salazar said yes.

Councilor Vigil Coppler asked are their reports done on these complaints. What happens to the complaints.

Ms. Salazar said currently we do not have a report. If it expands to an investigation we move into that direction.

Councilor Rivera said we had a small contract with a company to field the calls and they did do a report. Did we do away with that contract.

Ms. Salazar said she can look into that and will get an answer for you.

Councilor Rivera said they fielded the calls and determined where they needed to go to. It was all anonymous. It was then easier for employees to report those issues.

Councilor Vigil Coppler said it could be a useful tool, but the hot line is a hot line to no where. If it is not working and worthwhile should it be beefed up. It is a good idea. She believes what gets measured gets done.

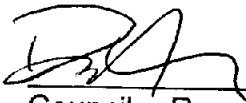
MOTION A motion was made by Councilor Rivera, seconded by Councilor Lindell, to approve the Internal Audit budget as presented.

VOTE The motion passed unanimously by voice vote.

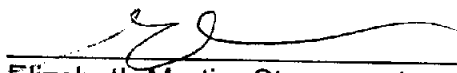
Chair Abeyta said tomorrow we will pick up with Constituent and Council Services, then the City Clerk and the Arts Commission and then the agenda for tomorrow. We will also look at staff responses to requests for more information.

Chair Abeyta thanked Ms. McCoy and her staff, the Mayor and the Governing Body.

There being no further business before the Committee the meeting adjourned at 5:00 pm.

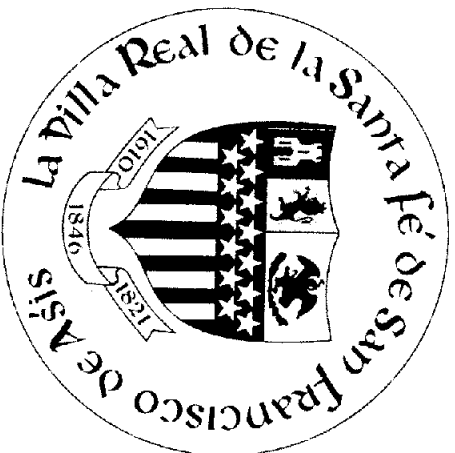


Councilor Roman Abeyta, Chair



Elizabeth Martin, Stenographer

City of Santa Fe FY20 Recommended Budget



April 2019

Exhibit "1"
Budget

FY20 Recommended Budget Overview



The Fiscal Year 2020 Recommended Budget balances sustainability, increased investment and fiscal responsibility.

- Maintains high levels of investment in City staff, public safety;
- Allows for dollars saved to be reinvested in high impact areas;



Fiscal Responsibility

Recently, S&P and Fitch affirmed the City of Santa Fe's AA+ rating with a stable outlook, in part based on the Administration's commitment to:

- | |
|--|
| <ol style="list-style-type: none">1. Conservative budgeting2. Cost containment3. Data-based management4. Revenue maximization5. Long-term planning6. Strong and proactive fiscal management |
|--|

This budget builds on that record by:

- Continuing budget management practices from FY18 recognized by Fitch, XYZ
- Launching revenue initiatives to better maximize local receipt revenue
- Budgeting in a conservative manner, given outstanding unknowns



City of Santa Fe's Credit Ratings

S&P Global

“The AA+ rating reflects *XXX*”

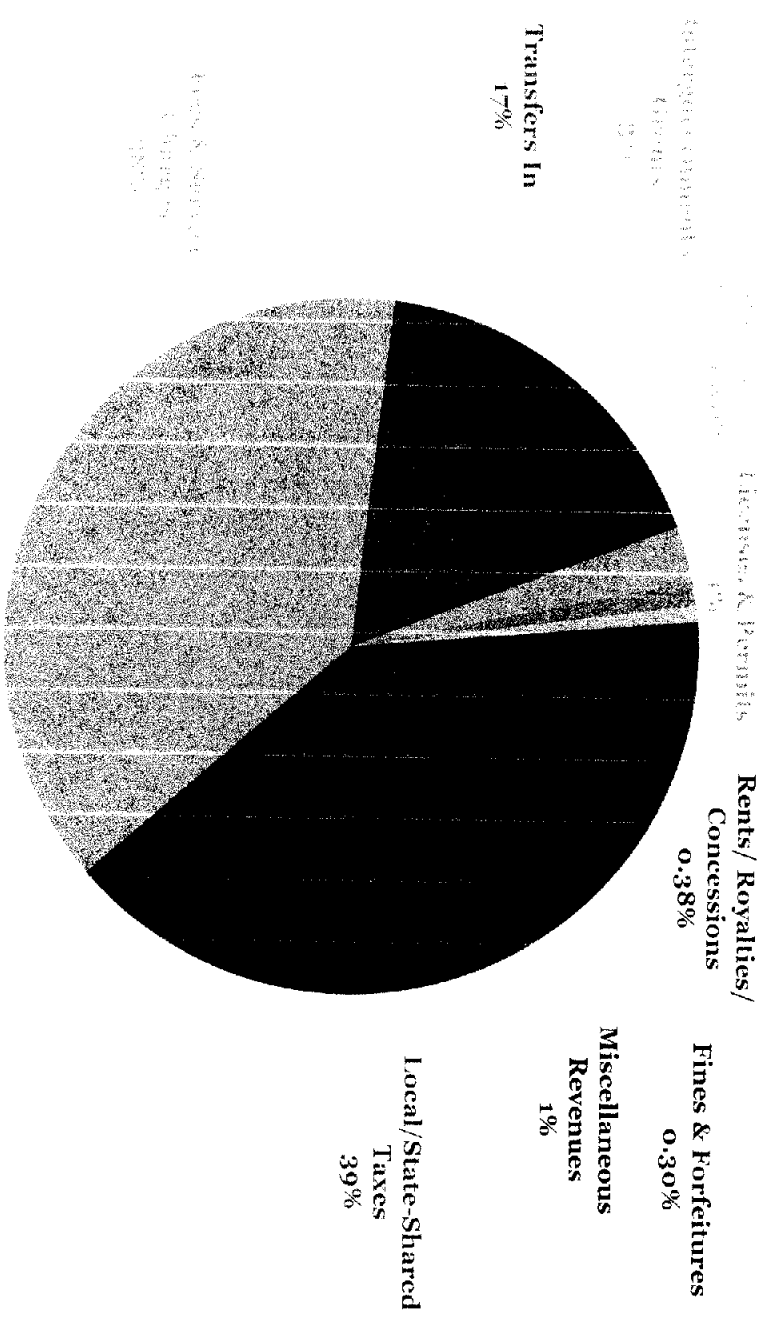
- “We view *XYZ*”
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FY20 Recommended Revenue is \$377.4 million

FY20 Major Revenue

The FY20 budget continues the trend of the City's reliance on GRT revenue

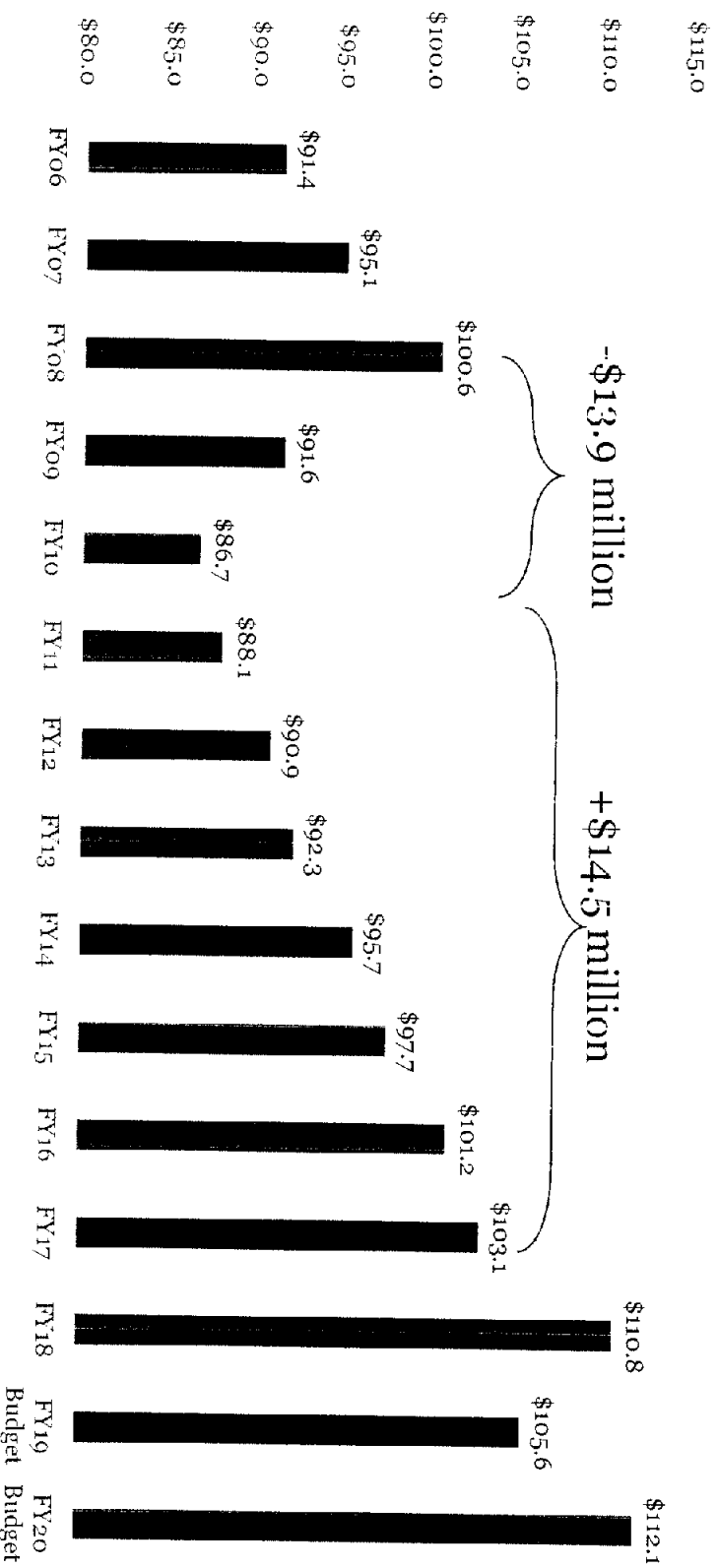


KEVIN A. NEWMAN
Auditor-Controller
2020



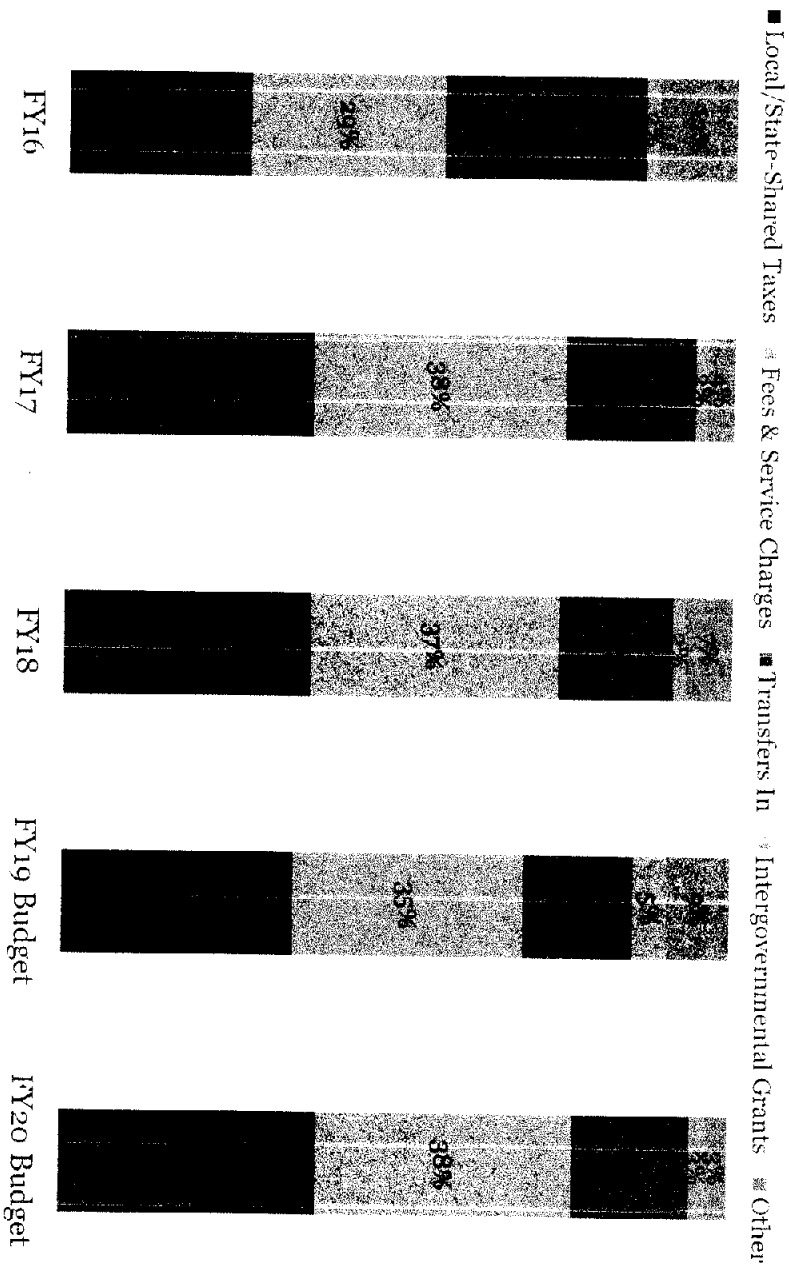
GRT Revenue Growth

During the Great Recession, the City's GRT revenue declined \$13.9 million in 2 years, while it took 7 years to climb back to pre-recession GRT levels.



Major Components of Recurring Revenue

FY20 Major Revenue





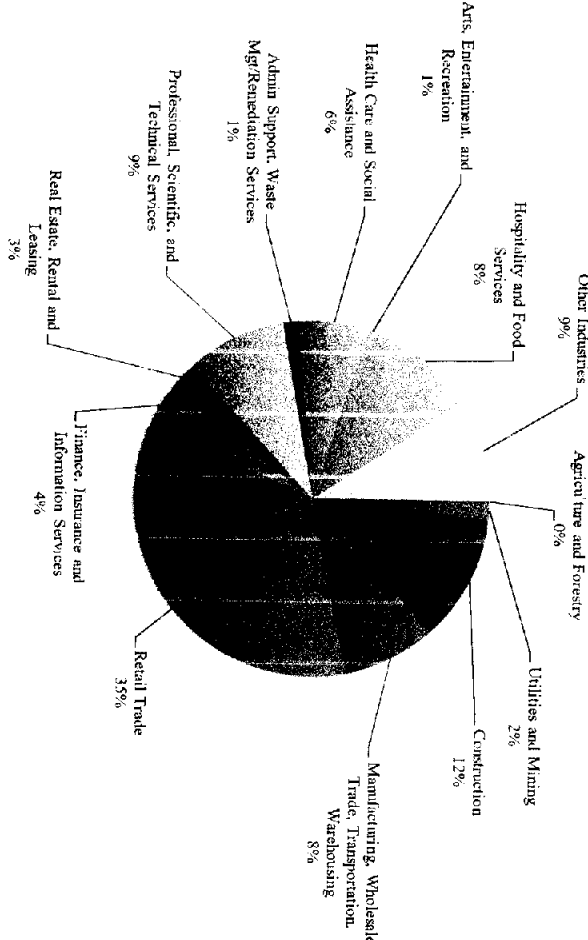
Local Receipts Highlights

A strong local economy and drives local receipts
Growth in gross receipts tax including
Updated land use fees and airport fees
Updated franchise fees

Maximize existing collections and revenue streams
Data-driven analysis
Monitoring collections and billing
Better optimize Santa Fe's non-tax revenues

Revenue

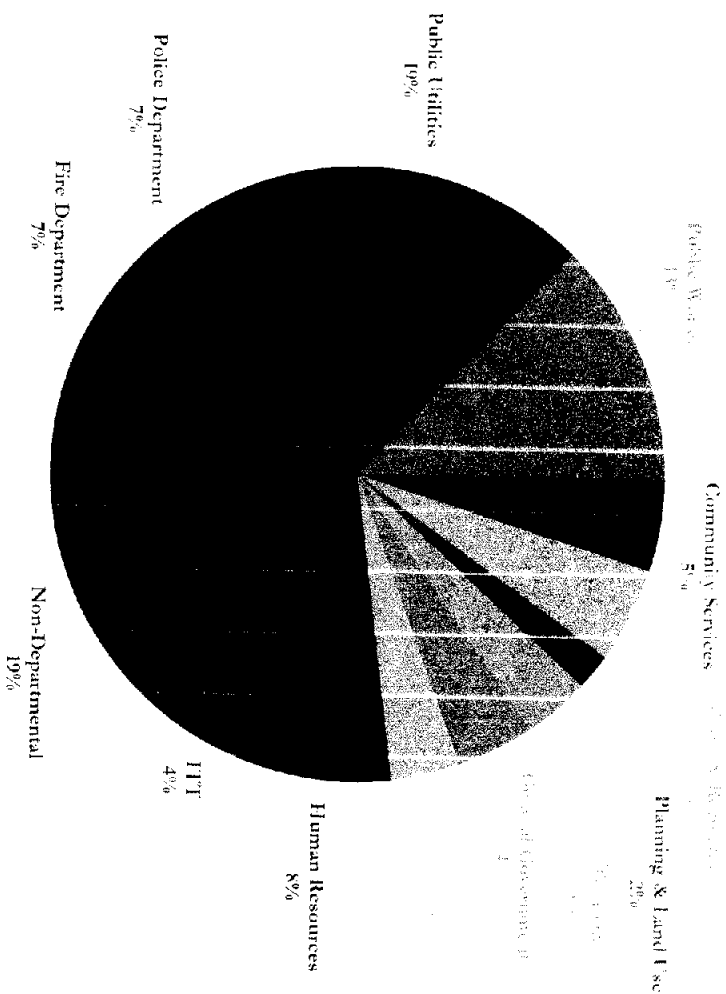
City of Santa Fe Industry Sectors
Revenue Contribution



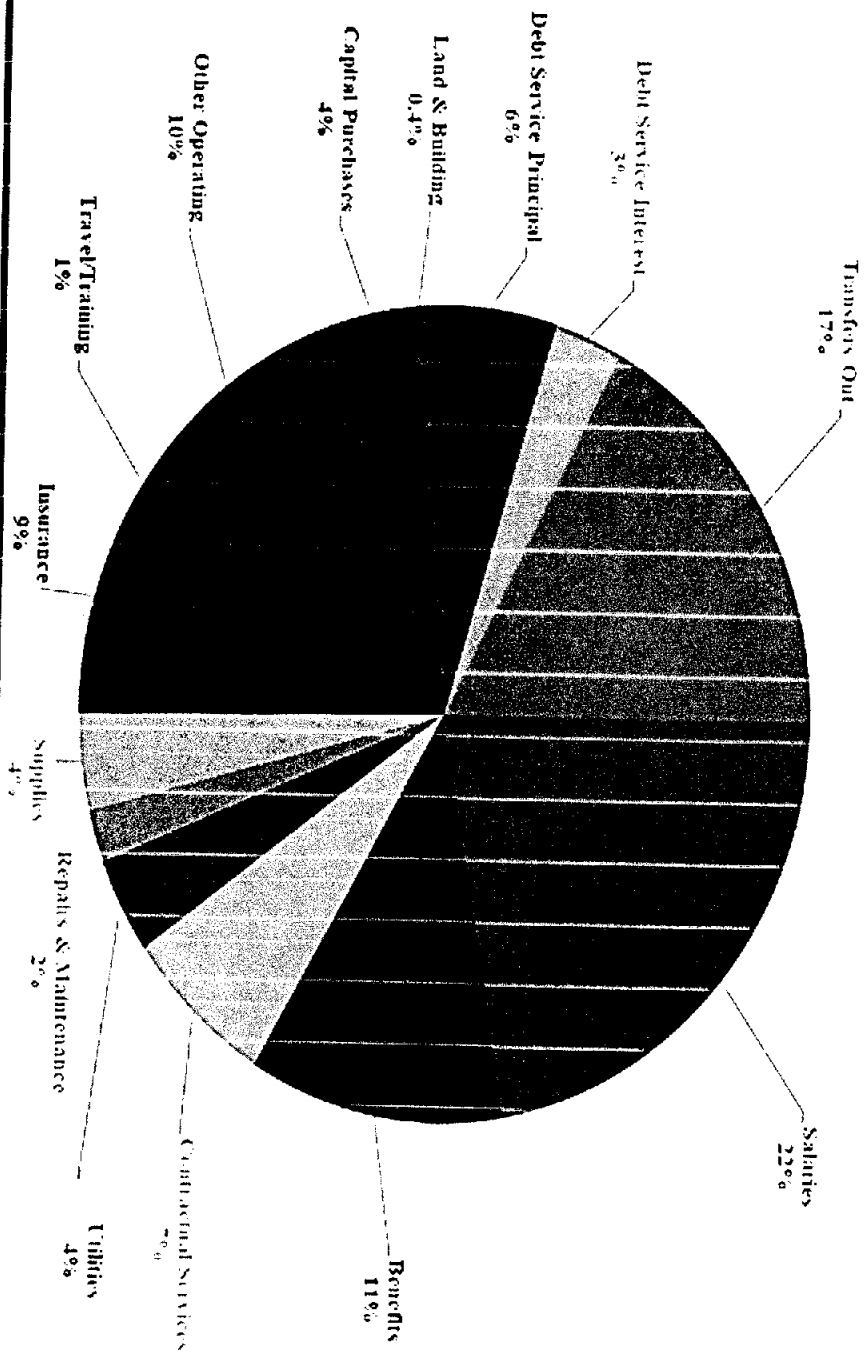


FY20 Recommended Expenditures is \$368.5 million FY20 Major Expenses

The FY20 budget continues the trend of Public Utilities, Public Works and Public Safety



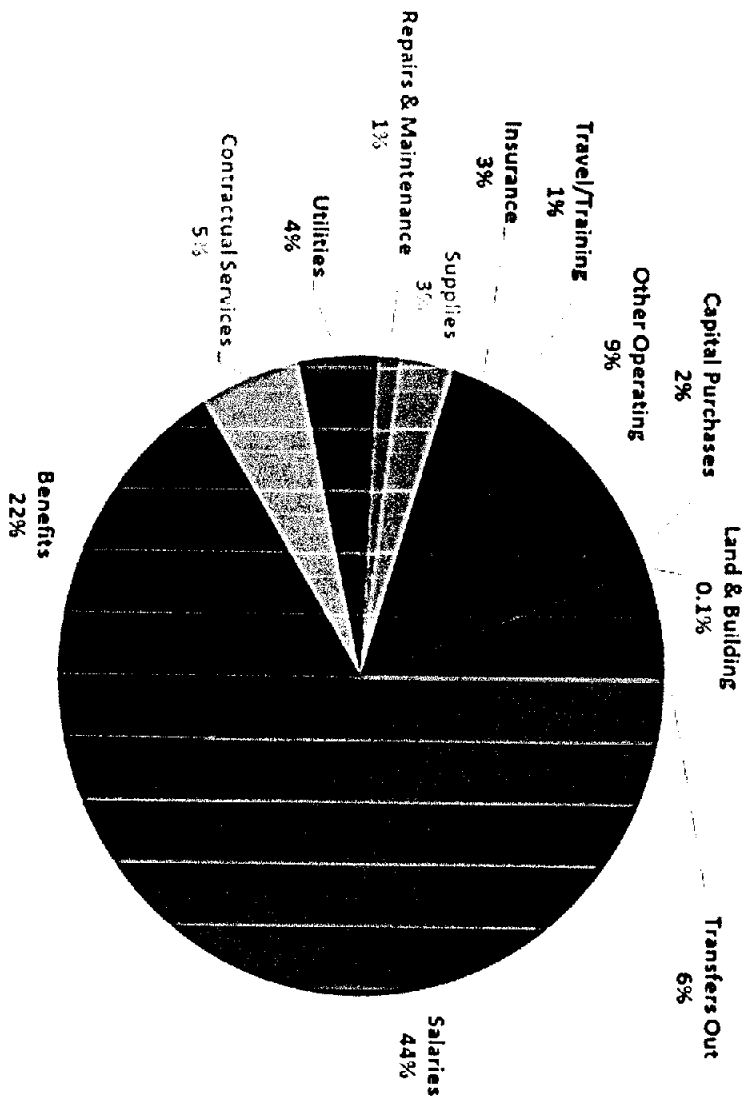
FY20 PROPOSED BUDGET- ALL FUNDS



FY20 General Fund

- Total projected revenue in the General Fund for FY20 is \$104.9 million, while General Fund expenditures total \$102.4 million.
- With projected FY20 revenues to exceed the budgeted expenditures by \$2.5 million, the City will meet the City Council mandated minimum general fund balance of 10 percent.
- While the recommended FY20 budget supports increased investment, ensuring general fund reserves meet the 10 percent mandate will enable the City to maintain fiscal responsibility and protect against the next economic downturn and inevitable fluctuations in gross receipts tax revenue, the City's largest revenue source.

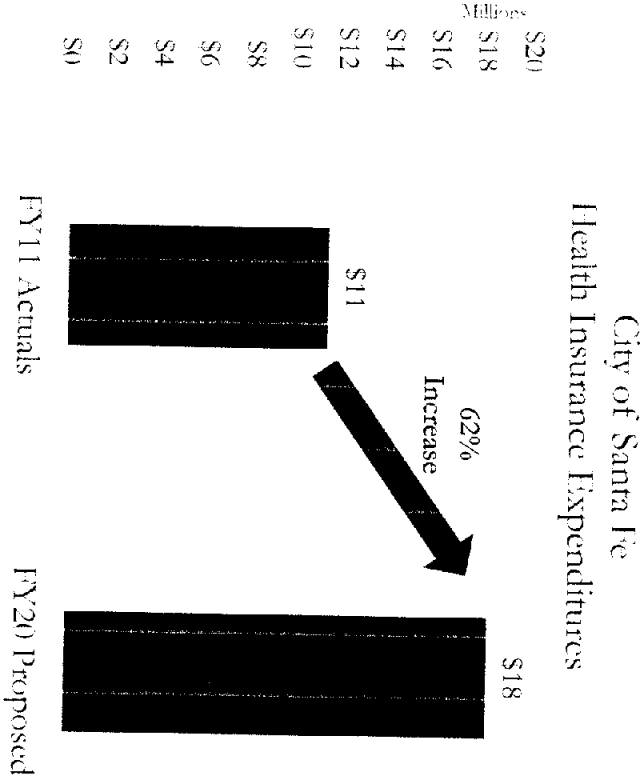
FY20 PROPOSED BUDGET- GENERAL FUND



The FY20 recommended budget includes increases of approx \$4 million including:

- Implementation of the Classification and Compensation Study Recommendations
 - Bring employees up to market-level pay as was recommended in the Classification and Compensation Study conducted within the last year.
 - First time in at least ten years that the City has made changes to the existing Classification and Compensation Plan as a result of an external study having been completed.
- Funding for Collective Bargaining Increases
 - 2% pay increase for all AFSCME employees
 - 2% pay increase and a 1% Longevity pay increase for fire union employees,
 - Allocating \$930,604 for the negotiations of sworn police union employees and \$157,980 for civilian union employees.
- 2% Pay increase for all Non-Union Employees
- 2019 legislative session, a 0.25 percent increase in employer contributions to PERA

Health and Dental Benefits



Health and Dental Benefits

	Coverage	Employer Contribution	Personal Employer Contribution	% Difference	\$ Difference
Medical		\$14,578,575	\$16,015,436	9.9%	\$1,436,861
Dental		\$589,663	\$656,784	11.4%	\$67,120
Total		\$15,168,238	\$16,672,220	9.9%	\$1,503,981

- No increase in health rates in the last 3 years.
- A 3.4 percent increase for medical coverage was recommended for FY19, but instead of increasing rates, deficits are covered by the balances in the health fund.
- Dental coverage funding levels and contributions have not changed for more than 10 years putting the dental fund into a deficit.
- In 2018, funds were transferred from the health fund to cover the cumulative deficit.

FY20 Investment Highlights



A Santa Fe where all people can afford to live, and can enjoy a quality of life that is better than any other city in our country.

A Santa Fe where all people can afford to live, and can enjoy a quality of life that is better than any other city in our country.

Opportunities to modernize government, which improve residents' experiences with government operations.

FY20 Investment Highlights

Investing in Ending Veteran and Chronic Homelessness



FY20 Investment Highlights

Investing in our Neighborhoods



FY20 Investment Highlights

Investing our Parks and Recreation Centers



FY20 Investment Highlights

Investing in Keeping People Safe



FY20 Investment Highlights

Investing in an Eco-Friendly City



FY20 Investment Highlights

Investing in Modernizing our Government




City of Santa Fe FY20 Recommended Budget Appendix

CITY OF SANTA FE
ALL FUNDS - EXPENDITURES BY DEPARTMENT
FY 2015/16 THROUGH FY 2019/20

DEPARTMENT	ACTUAL EXPENSES FY 2015/16	ACTUAL EXPENSES FY 2016/17	ACTUAL EXPENSES FY 2017/18	FY 2018/19 MIDYEAR BUDGET	RECOMMENDED BUDGET FY 2019/20	AMOUNT CHANGE 18/19-19/20	PERCENT CHANGE 18/19-19/20
Community Services	15,723,408	14,745,976	15,853,494	17,478,494	17,749,021	270,527	1.5%
Finance	11,142,154	20,522,287	16,609,726	13,178,404	13,316,368	137,964	1.0%
Fire Department	20,174,085	19,596,364	20,544,070	23,379,222	24,112,884	733,662	3.0%
General Government	12,148,800	11,553,778	14,650,286	15,861,237	15,365,153	(496,084)	-3.2%
Human Resources	23,119,046	24,824,287	25,284,677	26,181,230	30,479,124	4,297,894	14.1%
Information Tech. & Telecom.	4,707,674	5,365,850	9,012,412	9,876,537	13,566,834	3,690,297	27.2%
Parks & Recreation	15,150,974	17,018,768	17,558,484	17,488,303	18,508,199	1,019,896	5.5%
Planning & Land Use	4,446,092	4,706,042	5,648,632	5,684,828	7,050,734	1,365,906	19.4%
Police Department	27,757,095	26,110,581	27,838,604	29,301,487	27,678,437	(1,623,050)	-5.9%
Public Utilities	226,021,206	81,689,561	69,473,630	81,369,910	69,098,424	(12,271,486)	-17.8%
Public Works	37,287,457	40,563,117	37,339,556	45,331,058	47,547,303	2,216,245	4.7%
TOURISM Santa Fe	12,552,902	15,958,201	11,097,114	10,959,329	12,708,574	1,749,245	13.8%
<i>Non-Departmental</i>	63,116,225	113,599,734	79,316,836	105,063,624	71,342,547	(33,721,077)	-47.3%
TOTAL EXPENDITURES	473,347,118	396,254,545	350,227,521	401,153,663	368,523,602	(32,630,061)	-8.9%

CITY OF SANTA FE
GENERAL FUND EXPENDITURES BY DEPARTMENT
FY 2015/16 THROUGH FY 2019/20

DEPARTMENT	ACTUAL EXPENSES FY 2015/16	ACTUAL EXPENSES FY 2016/17	ACTUAL EXPENSES FY 2017/18	FY 2018/19 MIDYEAR BUDGET	RECOMMENDED BUDGET FY 2019/20	AMOUNT CHANGE 18/19-19/20	PERCENT CHANGE 18/19-19/20
Community Services	6,178,983	7,307,811	8,090,860	8,559,397	8,900,140	340,743	4.0%
Finance	6,459,504	13,744,922	5,792,505	5,267,534	5,601,020	333,486	6.3%
Fire Department	15,389,045	17,409,016	19,826,058	20,209,078	20,995,646	786,568	3.9%
General Government	7,157,429	7,275,976	8,544,266	9,681,585	10,068,720	387,135	4.0%
Human Resources	1,114,554	910,996	1,444,277	1,650,137	3,671,121	2,020,984	122.5%
Information Tech. & Telecom.	3,466,736	4,157,037	-	-	-	-	0.0%
Parks & Recreation	7,572,884	8,593,308	10,165,790	9,436,351	10,287,906	851,555	9.0%
Planning & Land Use	3,945,095	4,404,317	5,339,159	5,272,438	6,651,068	1,378,630	26.1%
Police Department	21,084,936	22,495,788	24,087,914	25,521,288	24,680,121	(841,167)	-3.3%
Public Utilities	303,308	284,160	313,335	281,204	286,886	5,682	2.0%
Public Works	5,385,292	7,025,389	9,406,587	10,502,907	11,215,201	712,294	6.8%
TOTAL GENERAL FUND	78,057,767	93,608,720	93,010,751	96,381,919	102,357,829	5,975,910	6.2%



City of Santa Fe Finance Committee Meeting 2019 Renewal Presentation

Meeting Date: April 23, 2019

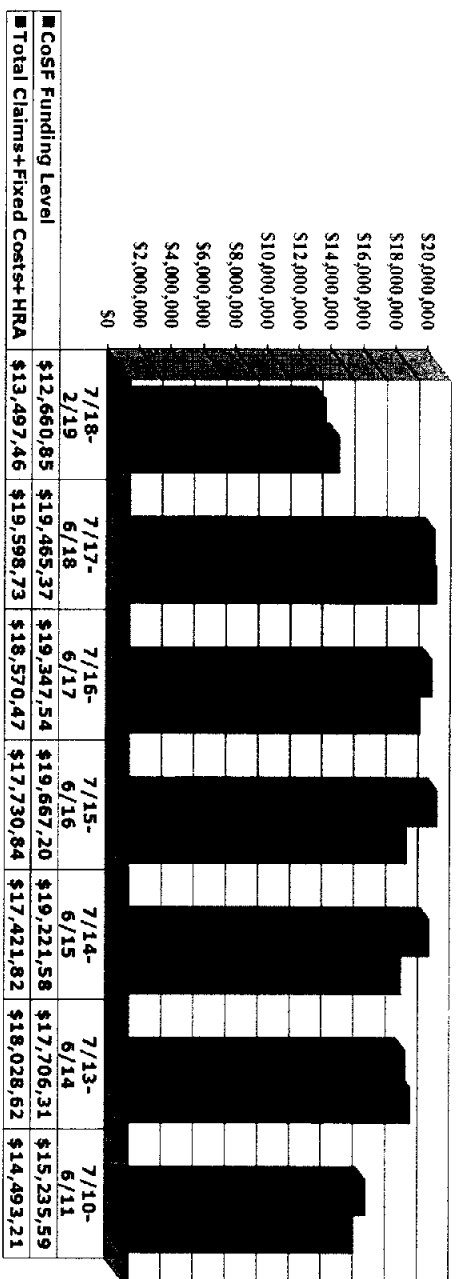
Aon | Health Solutions

Exhibit "2"

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▪ Plan Comparisons		
▪ Benefit Change Considerations		
▪ Excise Tax		
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▪ Dental Projection		
▪ Dental Contribution Exhibit		

Medical Plan Performance



CARRIER	A	B	C	D	E	F	G	H	I
PLAN	7/18-2/19	7/17-6/18	7/16-6/17	7/15-6/16	7/14-6/15	7/13-6/14	7/12-6/13	7/11-6/12	7/10-6/11
Average Contracts	1,209	1,230	1,220	1,233	1,253	1,243	1,245	1,251	1,280
% Variance to Prior Year	-1.7%	0.8%	-1.0%	-1.6%	0.8%	-0.2%	-0.5%	-2.2%	4.4%
Average Members	2,875	2,986	2,979	3,041	3,162	3,159	3,155	3,177	3,203
% Variance to Prior Year	-3.7%	0.2%	-2.0%	-3.8%	0.1%	0.1%	-0.7%	-0.8%	7.6%
Average Contract Size	2.38	2.43	2.44	2.47	2.52	2.54	2.53	2.54	2.50
UTILIZATION									
Cost Funding Level	\$12,660,858	\$19,465,370	\$19,347,541	\$19,667,209	\$19,221,589	\$17,706,314	\$16,450,409	\$14,970,568	\$15,235,599
Cost Funding Level PMPM	\$550.45	\$543.25	\$541.30	\$538.99	\$506.64	\$467.12	\$434.53	\$392.67	\$396.36
% Variance to Prior Year	1.3%	0.4%	0.4%	6.4%	8.5%	7.5%	10.7%	-0.9%	-2.0%
Medical and RX Claims	\$12,460,289	\$18,010,627	\$17,458,924	\$16,378,717	\$16,158,144	\$16,653,433	\$14,974,930	\$15,051,750	\$14,431,264
Actual Stop Loss Recovery	-\$160,785	-\$163,563	-\$387,027	\$0	-\$231,663	-\$22,887	-\$275,029	-\$333,014	-\$1,132,609
Claims (net of SL recoveries)	\$12,299,504	\$17,847,064	\$17,071,897	\$16,378,717	\$15,926,481	\$16,630,547	\$14,699,901	\$14,718,736	\$13,298,655
Fixed Costs	\$1,197,959	\$1,750,151	\$1,497,862	\$1,351,155	\$1,484,825	\$1,385,023	\$1,290,497	\$1,280,655	\$1,154,574
TOTAL CLAIMS + FIXED COSTS	\$13,497,463	\$19,597,215	\$18,569,759	\$17,729,872	\$17,411,306	\$18,015,569	\$15,990,398	\$15,999,390	\$14,453,229
HRA Spend	\$0	\$1,523	\$717	\$974	\$10,522	\$13,060	\$14,045	\$51,238	\$39,986
Total Claims+Fixed Costs+HRA	\$13,497,463	\$19,598,738	\$18,570,476	\$17,730,846	\$17,421,829	\$18,028,629	\$16,004,443	\$16,050,628	\$14,493,214
Surplus / Deficit	(\$836,605)	(\$133,368)	\$777,066	\$1,936,363	\$1,799,761	(\$322,314)	\$445,966	(\$1,080,061)	\$742,385
TOTAL PMPM	\$586.82	\$546.98	\$519.56	\$485.92	\$459.21	\$475.63	\$422.75	\$421.00	\$377.04
% Variance to Prior Year PMPM	7.3%	5.3%	6.9%	5.8%	-3.5%	12.5%	0.4%	11.7%	1.9%
COMPARE TO FUNDING	106.6%	100.7%	96.0%	90.1%	90.6%	101.7%	97.2%	106.9%	94.9%

2019/2020 Renewal Summary

A	B	C	D	E
	Current Total Cost	Renewal Total Cost	% Difference	\$ Difference
1				
2	Medical	\$19,064,088		\$1,878,951
3	Fixed Costs	\$1,788,951	9.9%	\$113,706
4	Funding	\$17,275,136	6.4%	\$1,765,245
5	Dental	\$907,160	10.2%	\$103,261
6	Vision	\$193,071	11.4%	\$0
7	Employee Life/AD&D	\$33,603	0.0%	\$0
8	Dependent Life	\$7,177	0.0%	\$0
9	Total Annual Premium	\$20,205,098	9.8%	\$1,982,212
10	Voluntary Coverages	Current Total Cost	% Difference	\$ Difference
11	Employee Life/AD&D	\$534,509	0.0%	\$0
12	Spouse Life	\$41,393	0.0%	\$0
13	Dependent Child Life	\$5,273	0.0%	\$0
14	Family AD&D	\$15,275	0.0%	\$0
15	Total Annual Premium	\$596,450	0.0%	\$0

Rate / Trend History

Year	City of Santa Fe	National Trend*
2018/2019	No increase	4.5%
2017/2018	No increase	3.9%
2016/2017	No increase	3.1%

*Based on Aon's HHVI database (over 10 million participants). Net of plan design and vendor negotiations.

Factors influencing the 2019/2020 renewal increase:

- A portion of the cost increase is driven by high cost claimants (>\$125k,) whose costs have increased from \$1.3 million to \$2.2 million over the same time period
- The City has not increased funding over the last four years. The increasing cost trend, coupled with no increase in funding, has resulted in a deficit in FY18 and FY19

2019/2020 Renewal Summary – City of Santa Fe Costs

	Current Employer Contribution	Renewal Employer Contribution	% Difference	\$ Difference
Medical	\$14,578,575	\$16,015,436	9.9%	\$1,436,861
Dental	\$589,663	\$656,784	11.4%	\$67,120
Total	\$15,168,238	\$16,672,220	9.9%	\$1,503,981

Medical Projection (1/2)

Year	Increase
2018/2019	No increase
	(3.4% increase recommended; City decided deficits will be covered by reserve dollars in the health fund)
2017/2018	No increase
2016/2017	No increase

Current Period	Medical	RX	Total
Gross Claims (3/18-2/19)	\$16,496,094	\$2,617,234	\$19,113,328
Less Specific Reimbursement over \$250,000 stop loss level	(\$931,310)		(\$931,310)
Net Claims	\$15,564,784	\$2,617,234	\$18,182,018
Enrollment	14,589	14,589	14,589
Per Employee Per Month	\$1,066.88	\$179.40	\$1,246.28

Annual Trend (from Aon trend survey)	5.0%	7.0%
Trend Months	16.0	16.0
Trend Factor	1.067	1.095
Plan Adjustment Factor	1.000	1.000
Net Adjustment Factor	1.067	1.095
Expected PEPM Cost	\$1,138.68	\$196.35

Prior Period	Medical	RX	Total
Gross Claims (3/17-2/18)	\$14,024,390	\$3,155,444	\$17,179,834
Less Specific Reimbursement over \$250,000 stop loss level	(\$746,729)		(\$746,729)
Net Claims	\$13,277,661	\$3,155,444	\$16,433,105
Enrollment	14,687	14,687	14,687
Per Employee Per Month	\$904.04	\$214.85	\$1,118.89

Annual Trend (from Aon trend survey)	5.0%	7.0%
Trend Months	28.0	28.0
Trend Factor	1.121	1.171
Plan Adjustment Factor	1.000	1.000
Net Adjustment Factor	1.121	1.171
Expected PEPM Cost	\$1,013.07	\$251.61

Enrollment as of February 2019	1,204	1,204	
Expected Claims 7/1/19 - 6/30/20	\$14,636,835	\$3,635,261	\$18,272,096
Blended Expected Claims 7/1/19 - 6/30/20 (60% Current, 40% Prior)	\$15,725,723	\$3,155,223	\$18,881,946
Claim Margin			0.0%
Prospective Plan Adjustment			0.0%
Blended Expected Claims, with Margin & Prospective Plan Adjustment			\$18,881,946

Medical Projection (2/2)

Fixed Costs		Estimated or Actual	Change	Enrollment	Annual Cost
A: Administration		Actual	2.0%	1,204	\$596,124
B: ISL		Actual	9.0%	1,204	\$1,235,304
C: ASL		Actual	0.0%	1,204	\$71,229
D: ACA: TRF		Actual	-100.0%	1,204	\$0
Total Fixed Expenses					\$1,902,657
Projections					
Total Claims and Expenses				Enrollment	\$20,784,603
PEPM Claims and Expenses				1,204	\$1,438.58
Funding Rate Equivalents					
Premium Plan non-union		Current Rates	Feb 2019 Enrollment	Renewal Rates (No Plan Changes)	
Employee		\$730.75	393	\$802.38	
Employee + Spouse		\$1,518.05	185	\$1,666.85	
Employee + Child(ren)		\$1,431.89	113	\$1,572.24	
Family		\$1,746.57	265	\$1,917.77	
Premium Plan Union					
Employee		\$811.96	70	\$891.54	
Employee + Spouse		\$1,686.71	29	\$1,852.04	
Employee + Child(ren)		\$1,590.98	29	\$1,746.92	
Family		\$1,940.62	120	\$2,130.83	
Total		\$18,929,216	1,204	\$20,784,603	
Percent Change					9.8%

1 - Net claims are reflective of overall gross claims excluding claims over the \$250,000 specific deductible, and include 0.0% margin.
 2 - Renewal Rates reflect no changes in benefits.

Additional information:

- Cigna is continuing to offer the \$100,000 wellness fund.
- Cigna Guided Solutions – this tool will be sunset as of 2020. Cigna absorbed the cost of these services since 2015.

All Employees Medical Contribution Annual Total

A	B	C	D	E	F	G	H	I	J			
Current - Premium Plan					Renewal - Premium Plan							
1	Tier	Enrollment	Budget Rate	ER Cost	EE Cost	Tier	Enrollment	Budget Rate	ER Cost	EE Cost		
2												
3	Est Annual Costs	1144	\$18,198,497	\$13,916,596	\$4,281,901	Est Annual Costs	1144	\$19,982,262	\$15,280,661	\$4,701,601		
4	Current - Core Plan					Renewal - Core Plan						
5												
6	Est Annual Costs	52	\$727,173	\$556,109	\$171,064	Est Annual Costs	52	\$807,138	\$617,262	\$189,876		
7	Current - HRA Plan					Renewal - HRA Plan						
8												
9	Est Annual Costs	16	\$138,418	\$105,870	\$32,547	Est Annual Costs	16	\$153,639	\$117,512	\$36,126		
10	Combined Annual Cost	1212	\$19,064,088	\$14,578,575	\$4,485,512	Combined Annual Cost	\$20,943,039	\$16,015,436	\$4,927,603			
11						Percentage Increase/(Decrease)				9.9%	9.9%	
12						Amount Increase/(Decrease)				\$1,878,951	\$1,436,861	\$442,090

Non Union & AFSCME Medical Contributions

	A	B	C	D	E	F	G	H	I	J	K	L	M	
	Current - Premium Plan						Renewal - Premium Plan							
	Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP	Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP	/PP Change	
1														
2														
3	Employee	358	\$730.75	\$559.02	\$171.73	\$79.26	Employee	358	\$802.38	\$613.82	\$188.56	\$87.03	\$7.77	
4	Employee + Spouse	177	\$1,518.05	\$1,161.31	\$356.74	\$164.65	Employee + Spouse	177	\$1,666.85	\$1,275.14	\$391.71	\$180.79	\$16.14	
5	Employee + Ch(fren)	102	\$1,431.89	\$1,095.41	\$336.48	\$155.30	Employee + Ch(fren)	102	\$1,572.24	\$1,202.78	\$369.46	\$170.52	\$15.22	
6	Employee + Family	262	\$1,746.57	\$1,336.12	\$410.45	\$189.44	Employee + Family	262	\$1,917.77	\$1,467.08	\$450.68	\$208.01	\$18.57	
7	Est Annual Costs	899	\$13,607,509	\$10,409,717	\$3,197,792		Est Annual Costs	899	\$14,941,278	\$11,430,048	\$3,511,231			
8	Current - Core Plan						Renewal - Core Plan							
9														
10	Employee	17	\$690.58	\$528.30	\$162.28	\$74.90	Employee	17	\$766.52	\$586.39	\$180.13	\$83.14	\$8.24	
11	Employee + Spouse	7	\$1,434.53	\$1,097.42	\$337.11	\$155.59	Employee + Spouse	7	\$1,592.28	\$1,218.10	\$374.18	\$172.70	\$17.11	
12	Employee + Ch(fren)	12	\$1,318.11	\$1,008.37	\$309.75	\$142.96	Employee + Ch(fren)	12	\$1,463.06	\$1,119.25	\$343.81	\$158.68	\$15.72	
13	Employee + Family	8	\$1,650.44	\$1,262.58	\$387.86	\$179.01	Employee + Family	8	\$1,831.93	\$1,401.42	\$430.51	\$198.70	\$19.69	
14	Est Annual Costs	44	\$609,629	\$466,369	\$143,261		Est Annual Costs	44	\$676,668	\$517,654	\$159,015			
15	Current - HRA Plan						Renewal - HRA Plan							
16														
17	Employee	12	\$591.93	\$452.83	\$139.10	\$64.20	Employee	12	\$657.03	\$502.63	\$154.40	\$71.26	\$7.06	
18	Employee + Spouse	1	\$1,228.61	\$939.88	\$288.73	\$133.26	Employee + Spouse	1	\$1,363.71	\$1,043.23	\$320.48	\$147.91	\$14.65	
19	Employee + Ch(fren)	1	\$1,130.59	\$864.89	\$265.70	\$122.63	Employee + Ch(fren)	1	\$1,254.92	\$960.00	\$294.92	\$136.12	\$13.49	
20	Employee + Family	1	\$1,414.70	\$1,082.25	\$332.45	\$153.44	Employee + Family	1	\$1,570.27	\$1,201.26	\$369.01	\$170.31	\$16.87	
21	Est Annual Costs	15	\$130,525	\$99,852	\$30,673		Est Annual Costs	15	\$144,879	\$110,833	\$34,046			
22	Combined Annual Cost	958	\$14,347,664	\$10,975,938	\$3,371,726		Combined Annual Cost		\$15,762,825	\$12,058,534	\$3,704,291			
23							Percentage Increase/(Decrease)		9.9%	9.9%	9.9%			
24							Amount Increase/(Decrease)		\$1,415,162	\$1,082,596	\$332,565			
25	Current Rate guarantee 7/1/2018 through 6/30/2019													
26	Renewal Rate guarantee 7/1/2019 through 6/30/2020													

Benchmark: Public Sector Average Annual Premium

Individual Coverage: \$8,597 per year or \$716.42 per month

Family Coverage: \$17,833 per year or \$1,486.08 per month

Benchmark plan design: deductible \$875 individual / \$1,750 family deductible; out-of-pocket maximum \$3,000 individual / \$6,250 family; coinsurance 10%; Office visit \$25 PCP / \$40 specialist

Union POA Medical Contributions

A B C D E F G H I J K L M

Current - Premium Plan					
Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP
Employee	33	\$811.96	\$619.13	\$192.83	\$89.00
Employee + Spouse	13	\$1,686.71	\$1,286.11	\$400.60	\$184.89
Employee + Ch(ren)	18	\$1,590.98	\$1,213.12	\$377.87	\$174.40
Employee + Family	50	\$1,940.62	\$1,479.73	\$460.89	\$212.72
Est Annual Costs	114	\$2,092,685	\$1,595,675	\$497,010	
Current - Core Plan					
Employee	1	\$767.30	\$585.07	\$182.24	\$84.11
Employee + Spouse	1	\$1,593.93	\$1,215.37	\$378.56	\$174.72
Employee + Ch(ren)	0	\$1,464.56	\$1,116.72	\$347.84	\$160.54
Employee + Family	2	\$1,833.80	\$1,398.28	\$435.52	\$201.01
Est Annual Costs	4	\$72,346	\$55,164	\$17,182	
Current - HRA Plan					
Employee	1	\$657.69	\$501.50	\$156.20	\$72.09
Employee + Spouse	0	\$1,365.13	\$1,040.91	\$324.22	\$149.64
Employee + Ch(ren)	0	\$1,256.21	\$957.86	\$298.35	\$137.70
Employee + Family	0	\$1,571.92	\$1,198.58	\$373.34	\$172.31
Est Annual Costs	1	\$7,892	\$6,018	\$1,874	
Combined Annual Cost	119	\$2,172,923	\$1,656,857	\$516,066	

Current Rate guarantee 7/1/2018 through 6/30/2019
Renewal Rate guarantee 7/1/2019 through 6/30/2020

Renewal - Premium Plan					
Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP / PP Change
Employee	33	\$891.54	\$679.81	\$211.73	\$97.72 \$8.72
Employee + Spouse	13	\$1,852.04	\$1,412.18	\$439.86	\$203.01 \$18.12
Employee + Ch(ren)	18	\$1,746.92	\$1,332.02	\$414.90	\$191.49 \$17.09
Employee + Family	50	\$2,130.83	\$1,624.76	\$506.07	\$233.57 \$20.85
Est Annual Costs	114	\$2,297,804	\$1,752,078	\$545,725	
Renewal - Core Plan					
Employee	1	\$851.68	\$649.40	\$202.28	\$93.36 \$9.25
Employee + Spouse	1	\$1,769.21	\$1,349.02	\$420.19	\$193.93 \$19.21
Employee + Ch(ren)	0	\$1,625.61	\$1,239.52	\$386.09	\$178.19 \$17.65
Employee + Family	2	\$2,035.46	\$1,552.04	\$483.41	\$223.11 \$22.10
Est Annual Costs	4	\$80,302	\$61,230	\$19,072	
Renewal - HRA Plan					
Employee	1	\$730.02	\$556.64	\$173.37	\$80.02 \$7.93
Employee + Spouse	0	\$1,515.25	\$1,155.38	\$359.87	\$166.10 \$16.46
Employee + Ch(ren)	0	\$1,394.35	\$1,063.19	\$331.16	\$152.84 \$15.14
Employee + Family	0	\$1,744.78	\$1,330.38	\$414.39	\$191.26 \$18.95
Est Annual Costs	1	\$8,760	\$6,680	\$2,080	
Combined Annual Cost		\$2,386,866	\$1,819,988	\$566,877	
Percentage Increase/(Decrease)		9.8%	9.8%	9.8%	
Amount Increase/(Decrease)		\$213,942	\$163,131	\$50,811	

Union SFFA Medical Contributions

	A	B	C	D	E	F	G	H	I	J	K	L	M
Current - Premium Plan							Renewal - Premium Plan						
	Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP	Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP	PP Change
1													
2													
3	Employee	34	\$811.96	\$621.14	\$190.82	\$88.07	Employee	34	\$891.54	\$682.02	\$209.52	\$96.70	\$8.63
4	Employee + 1	15	\$1,686.71	\$1,290.34	\$396.37	\$182.94	Employee + 1	15	\$1,852.04	\$1,416.81	\$435.22	\$200.87	\$17.93
5	Employee + Ch(ren)	11	\$1,590.98	\$1,217.10	\$373.88	\$172.56	Employee + Ch(ren)	11	\$1,746.92	\$1,336.40	\$410.53	\$189.47	\$16.91
6	Employee + Family	71	\$1,940.62	\$1,484.58	\$456.04	\$210.48	Employee + Family	71	\$2,130.83	\$1,630.09	\$500.74	\$231.11	\$20.63
7	Est Annual Costs	131	\$2,498,303	\$1,911,204	\$587,099		Est Annual Costs	131	\$2,743,179	\$2,098,535	\$644,644		
8	Current - Core Plan						Renewal - Core Plan						
9													
10	Employee	3	\$767.30	\$586.99	\$180.31	\$83.22	Employee	3	\$851.68	\$651.54	\$200.14	\$92.37	\$9.15
11	Employee + 1	0	\$1,593.93	\$1,219.36	\$374.57	\$172.88	Employee + 1	0	\$1,769.21	\$1,353.45	\$415.76	\$191.89	\$19.01
12	Employee + Ch(ren)	1	\$1,464.56	\$1,120.38	\$344.18	\$158.85	Employee + Ch(ren)	1	\$1,625.61	\$1,243.59	\$382.02	\$176.32	\$17.47
13	Employee + Family	0	\$1,833.80	\$1,402.85	\$430.95	\$198.90	Employee + Family	0	\$2,035.46	\$1,557.12	\$478.34	\$220.77	\$21.87
14	Est Annual Costs	4	\$45,198	\$34,576	\$10,621		Est Annual Costs	4	\$50,168	\$38,379	\$11,789		
15	Current - HRA Plan						Renewal - HRA Plan						
16													
17	Employee	0	\$657.69	\$503.14	\$154.55	\$71.33	Employee	0	\$730.02	\$558.47	\$171.54	\$79.17	\$7.84
18	Employee + 1	0	\$1,365.11	\$1,044.31	\$320.80	\$148.06	Employee + 1	0	\$1,515.23	\$1,159.15	\$356.07	\$164.34	\$16.28
19	Employee + Ch(ren)	0	\$1,256.21	\$961.00	\$295.21	\$136.25	Employee + Ch(ren)	0	\$1,394.35	\$1,066.68	\$327.67	\$151.23	\$14.98
20	Employee + Family	0	\$1,571.92	\$1,202.50	\$369.42	\$170.50	Employee + Family	0	\$1,744.78	\$1,334.74	\$410.04	\$189.25	\$18.75
21	Est Annual Costs	0	\$0	\$0	\$0		Est Annual Costs	0	\$0	\$0	\$0		
22	Combined Annual Cost	135	\$2,543,500	\$1,945,780	\$597,720		Combined Annual Cost		\$2,793,347	\$2,136,914	\$656,434		
23							Percentage Increase/(Decrease)		9.8%	9.8%	9.8%		
24							Amount Increase/(Decrease)		\$249,847	\$191,133	\$58,714		
25	Current Rate guarantee 7/1/2018 through 6/30/2019												
26	Renewal Rate guarantee 7/1/2019 through 6/30/2020												

Medical Plan Comparisons - Premium

	A			B		C		C	
	Non-union & AFSCME			Police			Fire		Benchmark
Plan Design Differences	Premium Plan		Premium Plan		Premium Plan		Premium Plan		PPO
	IN-NETWORK		IN-NETWORK		IN-NETWORK		IN-NETWORK		IN-NETWORK
1 Deductible per Person / per Family	None		None		None		None		\$750 / \$1,500
2 Out-of-Pocket Maximum per Person / per Family	\$2,500 / \$5,000		\$2,500 / \$5,000		\$2,500 / \$5,000		\$2,500 / \$5,000		\$3,400 / \$8,200
3 Preventive Services	Plan pays 100%		Plan pays 100%		Plan pays 100%		Plan pays 100%		Plan pays 100%
4 Primary Care Office Visits	\$15 copay		\$10 copay		\$10 copay		\$10 copay		\$28 copay
5 Specialist Care Office Visits	\$30 copay		\$10 copay		\$10 copay		\$10 copay		\$50 copay
6 Urgent Care	\$30 copay		\$10 copay		\$10 copay		\$10 copay		\$50 copay
7 Hospital Inpatient	\$250 copay		\$250 copay		\$250 copay		\$250 copay		\$250 copay or 20% after deductible
8 Outpatient Surgery	\$150 copay		\$75 copay		\$75 copay		\$75 copay		\$250 copay or 20% after deductible
9 Lab and X-ray	Plan pays 100%		Plan pays 100%		Plan pays 100%		Plan pays 100%		20% after deductible
10 MRI / PET / CAT Scans	Plan pays 100%		Plan pays 100%		Plan pays 100%		Plan pays 100%		20% after deductible
11 Emergency Room	\$125 copay (waived if admitted)		\$125 copay (waived if admitted)		\$125 copay (waived if admitted)		\$125 copay (waived if admitted)		100 copay
12 Acupuncture, Chiropractic Care and Naprapathy	\$30 copay + combined* 24 visits		\$10 copay / 24 visit limit		\$10 copay / 24 visit limit		\$10 copay / 24 visit limit		\$50 copay
13 Physical Therapy (Naprapathy covered under this benefit or Office Visit depending on how claim is filed)	Plan pays 100% + 60 visits		Plan pays 100% + 60 visits		Plan pays 100% + 60 visits		Plan pays 100% + 60 visits		\$50 copay or 20% after deductible
14 Medical Massage	\$30 copay / Medically Necessary with Physician Referral		\$10 copay / Medically Necessary with Physician Referral		\$10 copay / Medically Necessary with Physician Referral		\$10 copay / Medically Necessary with Physician Referral		N/A
15 Pharmacy	\$10/20/40		\$10/15/15		\$10/15/15		\$10/15/15		\$20/70/110
16 Contribution Sharing									
17 Employer %	76.50%		76.25%		76.50%		76.50%		75% - 80%

Benchmark: government entities (state, municipalities, and counties in the US)

Medical Plan Comparisons - Core

		A		B		C		C	
		Non-union & AFSCME		Police		Fire		Benchmark	
		Core Plan		Core Plan		Core Plan		PPO	
		IN-NETWORK		IN-NETWORK		IN-NETWORK		IN-NETWORK	
1	Deductible per Person / per Family	\$250/\$500		\$100/\$200		\$100/\$200		\$750 / \$1,500	
2	Out-of-Pocket Maximum per Person / per Family	\$1250/\$2500		\$1250/\$2500		\$1250/\$2500		\$3,400 / \$8,200	
3									
4	Preventive Services	Plan pays 100%		Plan pays 100%		Plan pays 100%		Plan pays 100%	
5	Primary Care Office Visits	\$20 copay		\$15 copay		\$15 copay		\$28 copay	
6	Specialist Care Office Visits	\$35 copay		\$15 copay		\$15 copay		\$50 copay	
7	Urgent Care	\$35 copay		\$35 copay		\$35 copay		\$50 copay	
8	Hospital Inpatient	10% after ded.		10% after ded.		10% after ded.		\$250 copay or 20% after deductible	
9	Outpatient Surgery	10% after ded.		10% after ded.		10% after ded.		\$250 copay or 20% after deductible	
10	Lab and X-ray	10% after ded.		10% after ded.		10% after ded.		20% after deductible	
11	MRI / PET / CAT Scans	10% after ded.		10% after ded.		10% after ded.		20% after deductible	
12	Emergency Room	\$175 copay (waived if admitted)		\$175 copay (waived if admitted)		\$175 copay (waived if admitted)		100 copay	
13	Acupuncture, Chiropractic Care and Nanoprathy	10% after deductible + combined* 24 visits		10% after deductible / 24 visit limit		10% after deductible / 24 visit limit		\$50 copay	
14	Physical Therapy (Nanaprathy covered under this benefit or Office Visit depending on how claim is filed)	10% after deductible + 60 visits		10% after deductible / 60 visit limit		10% after deductible / 60 visit limit		\$50 copay or 20% after deductible	
15	Medical Massage	10% after deductible / Medically Necessary with Physician Referral		10% after deductible / Medically Necessary with Physician Referral		10% after deductible / Medically Necessary with Physician Referral		N/A	
16	Pharmacy	\$10/20/40		\$10/15/15		\$10/15/15		\$20/70/110	
17	Contribution Sharing	Employer %		76.50%		76.50%		75% - 80%	

Benchmark: government entities (state, municipalities, and counties in the US)

Medical Plan Comparisons - HRA

	A			B			C		
	Non-union & AFSCME		Police	Fire		Benchmark	HRA		
	HRA Plan	HRA Plan		HRA Plan	HRA Plan		IN-NETWORK	IN-NETWORK	
1	Deductible per Person / per Family	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$1,500/\$3,000	\$500 / \$1,000			
2	Out-of-Pocket Maximum per Person / per Family	\$3,000/\$6,000	\$3,000/\$6,000	\$3,000/\$6,000	\$3,000/\$6,000	\$6,650 / \$13,300			
3									
4	Preventive Services	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%	Plan pays 100%			
5	Primary Care Office Visits	20% after deductible	20% after deductible	20% after deductible	20% after deductible	\$40 copay or 15% after deductible			
6	Specialist Care Office Visits	20% after deductible	20% after deductible	20% after deductible	20% after deductible	\$60 copay or 15% after deductible			
7	Urgent Care	\$50 copay	\$50 copay	\$50 copay	\$50 copay	\$60 copay or 15% after deductible			
8	Hospital Inpatient	20% after deductible	20% after deductible	20% after deductible	20% after deductible	15% after deductible			
9	Outpatient Surgery	20% after deductible	20% after deductible	20% after deductible	20% after deductible	15% after deductible			
10	Lab and X-ray	20% after deductible	20% after deductible	20% after deductible	20% after deductible	15% after deductible			
11	MRI / PET / CAT Scans	20% after deductible	20% after deductible	20% after deductible	20% after deductible	15% after deductible			
12	Emergency Room	\$225 copay (waived if admitted)	\$225 copay (waived if admitted)	\$225 copay (waived if admitted)	\$225 copay (waived if admitted)	15% after deductible			
13	Acupuncture, Chiropractic Care and Naprapathy	20% after deductible + combined* 24 visits	20% after deductible / combined 24 visits	20% after deductible / combined 24 visits	20% after deductible / combined 24 visits	\$60 copay or 15% after deductible			
14	Physical Therapy (Naprapathy covered under this benefit or Office Visit depending on how claim is filed)	20% after deductible + 60 visits	20% after deductible / 60 visits	20% after deductible / 60 visits	20% after deductible / 60 visits	\$60 copay or 15% after deductible			
15	Medical Massage	20% after deductible met / Medically Necessary with Physician Referral	20% after deductible / Medically Necessary with Physician Referral	20% after deductible / Medically Necessary with Physician Referral	20% after deductible / Medically Necessary with Physician Referral	N/A			
16	Pharmacy	\$10/20/40	\$10/15/15	\$10/15/15	\$10/15/15	\$20/70/110			
17	Contribution Sharing	76.50%	76.25%	76.50%	76.50%	75% - 80%			

Benchmark: government entities (state, municipalities, and counties in the US)

Medical - Benefit Change Considerations

Premium Plan Benefit Change	Estimated Impact	% Change	Benchmark (Premium Plan)
Office visit copay \$20 PCP / \$40 Specialist	(\$67,000)	-0.5%	\$28 PCP / \$50 Spec
IP Hospital \$500 Copay	(\$27,000)	-0.2%	\$250 or 20%
Outpatient Hospital \$250 Copay	(\$23,000)	-0.2%	\$250 or 20%
Emergency Room \$200 Copay	(\$33,000)	-0.2%	\$100
Pharmacy 4 th tier 20%, min \$0 max \$150	(\$35,000)	-0.3%	\$110
In network \$250 deductible, 20% coinsurance	(\$706,000)	-4.9%	\$750, 20%
Eliminates copays for IP and OP hospital Lab/x-ray subject to deductible & coinsurance			

Estimated impacts are based on the non-union/AFSCME plan

Excise Tax – As written in the ACA, March 2010

Starting in 2018, insurers (including employers for self-insured plans) pay a 40% excise tax on the aggregate value of the portion of employer-sponsored insurance in excess of thresholds

- Thresholds for active and post-Medicare retirees are:
 - \$10,200 for single coverage
 - \$27,500 for family coverage
 - Thresholds indexed at CPI-U (assumed to be 2.2%)
 - The threshold is indexed with an additional 1% in 2019
 - \$1,650 / \$3,450 for “qualified retirees” (pre-65 retirees) and high risk professions/installation of electrical or telecommunications lines
 - Additional adjustments may be made based on age and gender demographics of the population
- Coverage subject to tax includes employer contributions and employee pre-tax contributions under cafeteria plans
 - Medical Coverage
 - Employer Contributions to HRA
 - Employee Pre-Tax Contributions to HSA and FSA plans
 - Dental and Vision are also subject to the tax if the respective plan is self-insured or bundled with Medical coverage (under current guidance)
- Excise Tax is not tax-deductible

Excise Tax - Legislative Updates

- Effective December 18, 2015, the President signed into law a significant tax cut and spending package that avoids a government shutdown and funds federal agencies through Fall 2016. The new law contains provisions which impact the ACA excise tax on high-cost group health plans. These provisions include:
 - Delay implementation of the excise tax for two years – from 2018 to 2020;
 - Allow the excise tax to be deductible to the taxpayer (generally the insurance carrier or third party claims administrator); and
 - Commission a study on the appropriateness of using the Federal Health Benefits Plan as a benchmark for the age and gender adjustment of the applicable dollar limit for the excise tax.
- The Tax Cuts and Jobs Act of 2017 changed the threshold indexing methodology from standard CPI-U to chained CPI-U
- The Extension of Continuing Appropriations Act of 2018 further delays the implementation of the excise tax from 2020 to 2022
- Under our current chained CPI-U indexing assumptions, the thresholds in 2022 are:
 - \$11,237 for single coverage
 - \$30,295 for family coverage

Excise Tax Calculation

		2022 Estimated Coverage Cost				Excise Tax		
Option Name	Status	Tier	Estimated Enrollment	Cost Per Enrolled Member	Aggregate Plan Cost	Year Crossing Threshold	Estimated Excise Tax in 2022	10 Year PV of Estimated Excise Tax
Prem Non-Union AFSCME	Active	Single Family	393	\$ 12,185	\$19,900,000	2022	\$149,000	\$8,150,000
			563	\$ 26,794		2025		
Prem POA/SFFA	Active	Single Family	70	\$ 13,476	\$6,390,000	2022	\$ 83,900	\$4,340,000
			178	\$ 30,592		2022		
TOTAL			1,204		\$26,290,000		\$232,900	\$12,490,000

Excise Thresholds:

For active employees, the 2022 thresholds used for this calculation were \$11,237 for individual coverage and \$30,295 for family coverage.

Assumptions

Non-single coverage combined and underwritten as family ("other than self-only coverage").

Present value calculation of the Excise Tax assumes 5.00% discount rate, and reflects the present value of the excise tax from 2022 - 2031 as of 1/1/2018

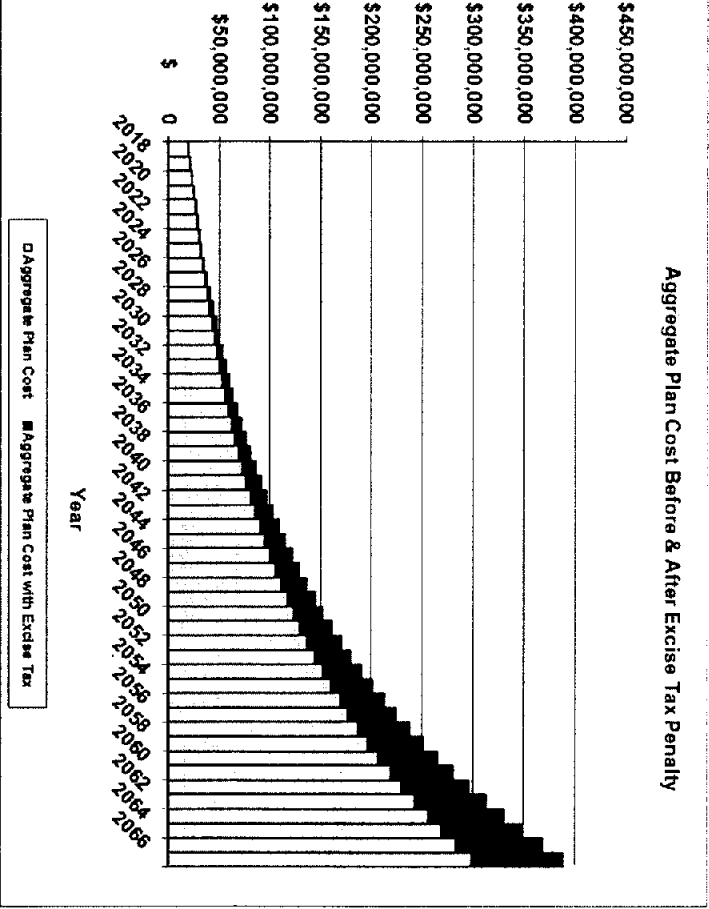
Estimated costs include the following expenses: medical, prescription drugs, and self-insured dental.

Plan costs are estimated by trending 2018 premium equivalent rates

Assumed no plan design, network, or other changes affecting expected costs (besides trend) between 2018 and 2022.

Enrollment and Rates based on 2018 information.

Excise Tax Calculation - Aggregate Cost Summary



Year	Aggregate Plan Cost	Excise Tax	Pre-Tax Excise / (Penalty + Plan Cost)
2022	\$ 26,290,000	\$ 232,900	0.9%
2023	\$ 28,130,000	\$ 450,000	1.6%
2024	\$ 29,990,000	\$ 678,000	2.2%
2025	\$ 31,970,000	\$ 978,000	3.0%
2026	\$ 33,970,000	\$ 1,538,000	4.3%
2027	\$ 36,090,000	\$ 2,120,000	5.5%
2028	\$ 38,320,000	\$ 2,723,000	6.6%
2029	\$ 40,570,000	\$ 3,350,000	7.6%
2030	\$ 42,900,000	\$ 3,990,000	8.5%
2031	\$ 45,300,000	\$ 4,670,000	9.3%
2032	\$ 47,800,000	\$ 5,400,000	10.2%
2033	\$ 50,600,000	\$ 6,170,000	10.9%
2034	\$ 53,400,000	\$ 6,980,000	11.6%
2035	\$ 56,300,000	\$ 7,840,000	12.2%
2036	\$ 59,300,000	\$ 8,730,000	12.8%
2037	\$ 62,500,000	\$ 9,680,000	13.4%
2038	\$ 65,800,000	\$ 10,680,000	14.0%
2039	\$ 69,400,000	\$ 11,740,000	14.5%
2040	\$ 73,100,000	\$ 12,880,000	15.0%
2041	\$ 77,000,000	\$ 14,060,000	15.4%
2042	\$ 81,100,000	\$ 15,380,000	15.9%
2043	\$ 85,500,000	\$ 16,720,000	16.4%
2044	\$ 90,100,000	\$ 18,170,000	16.8%
2045	\$ 94,900,000	\$ 19,760,000	17.2%
2046	\$ 100,000,000	\$ 21,360,000	17.6%

Dental Projection (1/2)

Renewal History

Dental funding levels and contributions have not changed for 10+ years resulting in a deficit in the dental fund.

In 2018, funds were transferred from the health fund to cover the cumulative deficit.

Current Period		Dental
Claims (12/17-11/18)		\$926,716
Enrollment		14,479
Per Employee Per Month		\$64.00
Annual Trend (from Aon trend survey)		3.0%
Trend Months		19.0
Trend Factor		1.048
Plan Adjustment Factor		1.000
Net Adjustment Factor		1.048
Expected PEPM Cost		\$67.06

Enrollment as of November 2018	1190
Expected Claims 7/1/19 - 6/30/20	\$957,617

Prior Period		Dental
Claims (12/16-11/17)		\$952,039
Enrollment		14,339
Per Employee Per Month		\$66.40

Annual Trend (from Aon trend survey)	3.0%
Trend Months	31.0
Trend Factor	1.079
Plan Adjustment Factor	1.000
Net Adjustment Factor	1.079
Expected PEPM Cost	\$71.67

Enrollment as of November 2018	1190
Expected Claims 7/1/19 - 6/30/20	\$1,023,448

Blended Expected Claims 7/1/19 - 6/30/20 (100% Current, 0% Prior)	\$957,617
Claim Margin	0.0%
Prospective Plan Adjustment	0.0%

Blended Expected Claims, with Margin			
Fixed Costs	Estimated or Actual	Change	Enrollment
Administration	Estimated	3.0%	1,190
			\$52,803
Total Fixed Expenses			\$52,803

Projections		Enrollment
Total Claims and Expenses		\$1,010,420
PEPM Claims and Expenses		\$70.76

Dental Projection (2/2)

Funding Rate Equivalents	Current Rates	Nov 2018 Enrollment	Renewal Rates (No Plan Changes)
Cigna DPP0			
Employee	\$36.16	430	\$40.28
Employee + Spouse	\$68.47	229	\$76.26
Employee + Child(ren)	\$60.75	144	\$67.67
Family	\$92.04	387	\$102.52
Total	\$907,160	1190	\$1,010,420
Percent Change		11.4%	

Renewal Rates reflect no changes in benefits.

Dental Contribution Exhibit

	A	B	C	D	E	F	G	H	I	J	K	L	M	
	Current						Renewal							
	Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP		Tier	Enrollment	Budget Rate	ER Cost	EE Cost / PP	/PP Change	
1														
2														
3	Employee	430	\$36.16	\$23.51	\$12.65	\$5.84	Employee	430	\$40.28	\$26.18	\$14.09	\$6.50	\$0.66	
4	Employee + 1	229	\$68.47	\$44.50	\$23.97	\$11.06	Employee + 1	229	\$76.26	\$49.57	\$26.69	\$12.32	\$1.26	
5	Employee + Ch(ren)	144	\$60.75	\$39.50	\$21.25	\$9.81	Employee + Ch(ren)	144	\$67.67	\$43.99	\$23.67	\$10.92	\$1.12	
6	Employee + Family	387	\$92.04	\$59.82	\$32.22	\$14.87	Employee + Family	387	\$102.52	\$66.63	\$35.89	\$16.56	\$1.69	
7	Est Annual Costs	1190	\$907,160	\$589,663	\$317,496		Est Annual Costs	1190	\$1,010,420	\$656,784	\$353,637			
8							Percentage Increase/(Decrease)		11.4%	11.4%	11.4%			
9							Amount Increase/(Decrease)		\$103,261	\$67,120	\$36,140			

10 Current Rate guarantee 7/1/2018 through 6/30/2019

11 Renewal Rate guarantee 7/1/2019 through 6/30/2020

Vision Rate Exhibit

	A	B	C	D
1	Cigna PPO 12/12/12	Current	Current	Renewal
2	\$10 Exam / \$10 Materials \$130 Frame or Contact Allowance	Lives	Cigna PPO	Cigna PPO
3	Single	375	\$7.77	\$7.77
4	Single + Spouse	216	\$15.54	\$15.54
5	Single + Child(ren)	126	\$15.70	\$15.70
6	Family	<u>313</u>	<u>\$25.05</u>	<u>\$25.05</u>
7		1030		
8	Annual Premium		\$193,071	\$193,071
9	% Difference From Current			0.00%
10	\$ Difference From Current			\$0
11	Current Rate guarantee 7/1/2018 through 6/30/2019			
12	Renewal Rate guarantee 7/1/2019 through 6/30/2020			

Life/AD&D Financial Summary

A B C D			
CIGNA - Coverage		Lives	Current Rates
<u>Basic Term Life</u>			
Employee per \$1,000	1193	\$20,381,110	\$0.110
Annual Premium			\$26,903
<u>Basic AD&D</u>			
Employee per \$1,000	1193	\$25,377,000	\$0.022
Annual Premium			\$6,700
<u>Dependent Life</u>			
per enrolled dependent	852	\$4,260,000	\$0.702
Annual Premium			\$7,177
Combined Annual Total			\$40,780
Cigna - Voluntary Coverage		Lives	Current Rates
<u>Employee Voluntary Life</u>			
Employee per \$1,000	967	\$153,006,060	\$0.265
Annual Premium			\$486,559
<u>Spouse Voluntary Life</u>			
Employee per \$1,000	204	\$12,776,500	Age Banded
Annual Premium			\$41,393
<u>Child Voluntary Life</u>			
Employee per \$1,000	338	\$3,380,000	\$0.130
Annual Premium			\$5,273
<u>Employee Voluntary AD&D</u>			
Employee per \$1,000	694	\$159,831,850	\$0.0250
Annual Premium			\$47,950
<u>Family Voluntary AD&D</u>			
Employee per \$1,000	175	\$34,403,000	\$0.0370
Annual Premium			\$15,275
Combined Annual Total			\$596,450

28 Rates based on the December 2018 billing

29 Rates guaranteed through June 30, 2020

Life Insurance Program

Current State:

- The City contributes to the cost of the basic life and voluntary life policies.

Findings:

- Since the City is paying part of the premium, the plan is no longer considered voluntary, which means that the voluntary life insurance benefit is subject to ERISA.
 - In addition, there may also be imputed income issues if the coverage the employee elected is in excess of \$50,000.
- Aon's Life/Disability team stated that they have not encountered a group that contributes towards the cost of the voluntary life benefit.

Next Steps:

- Discuss the option of restructuring the contribution structure and evaluating the financial impact to the City and its employees.

Action Items

- Decision regarding increase to premiums
- Finalize contract with Cigna
- Employer contributions – ensure employee only contribution set for the value HRA plan equal or less than an amount that meets the ACA definition of affordability
- Decision on Life Insurance Employer Contribution Structure Changes
- Excise Tax – need to plan for changes to avoid or minimize the tax.
- Consideration of plan design changes
- Consideration of contribution changes for the Core and HRA plans

Appendix

Aon | Health Solutions

Non Union & AFSCME Medical Contributions – Alternate 1

A B C D E F G H I J K L M

Current - Premium Plan					
Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP
Employee	358	\$730.75	\$559.02	\$171.73	\$79.26
Employee + Spouse	177	\$1,518.05	\$1,161.31	\$356.74	\$164.65
Employee + Ch(ren)	102	\$1,431.89	\$1,095.41	\$336.48	\$155.30
Employee + Family	262	\$1,746.57	\$1,336.12	\$410.45	\$189.44
Est Annual Costs	899	\$13,607,509	\$10,409,717	\$3,197,792	
Current - Core Plan					
Employee	17	\$690.58	\$528.30	\$162.28	\$74.90
Employee + Spouse	7	\$1,434.53	\$1,097.42	\$337.11	\$155.59
Employee + Ch(ren)	12	\$1,318.11	\$1,008.37	\$309.75	\$142.96
Employee + Family	8	\$1,650.44	\$1,262.58	\$387.86	\$179.01
Est Annual Costs	44	\$609,629	\$466,369	\$143,261	
Current - HRA Plan					
Employee	12	\$591.93	\$452.83	\$139.10	\$64.20
Employee + Spouse	1	\$1,228.61	\$939.88	\$288.73	\$133.26
Employee + Ch(ren)	1	\$1,130.59	\$864.89	\$265.70	\$122.63
Employee + Family	1	\$1,414.70	\$1,082.25	\$332.45	\$153.44
Est Annual Costs	15	\$130,525	\$99,852	\$30,673	
Combined Annual Cost	958	\$14,347,664	\$10,975,938	\$3,371,726	

Current Rate guarantee 7/1/2018 through 6/30/2019

Renewal Rate guarantee 7/1/2019 through 6/30/2020

Renewal - Premium Plan					
Tier	Enrollment	Budget Rate	ER Cost	EE Cost	EE Cost / PP / PP Change
Employee	358	\$802.38	\$613.82	\$188.56	\$87.03
Employee + Spouse	177	\$1,666.85	\$1,275.14	\$391.71	\$180.79
Employee + Ch(ren)	102	\$1,572.24	\$1,202.78	\$369.46	\$170.52
Employee + Family	262	\$1,917.77	\$1,467.08	\$450.68	\$208.01
Est Annual Costs	899	\$14,941,278	\$11,430,048	\$3,511,231	
Renewal - Core Plan					
Employee	17	\$766.52	\$651.54	\$114.98	\$53.07
Employee + Spouse	7	\$1,592.28	\$1,353.44	\$238.84	\$110.23
Employee + Ch(ren)	12	\$1,463.06	\$1,243.60	\$219.46	\$101.29
Employee + Family	8	\$1,831.93	\$1,557.14	\$274.79	\$126.83
Est Annual Costs	44	\$676,668	\$575,168	\$101,500	
Renewal - HRA Plan					
Employee	12	\$657.03	\$591.32	\$65.70	\$30.32
Employee + Spouse	1	\$1,363.71	\$1,227.34	\$136.37	\$62.94
Employee + Ch(ren)	1	\$1,254.92	\$1,129.42	\$125.49	\$57.92
Employee + Family	1	\$1,570.27	\$1,413.25	\$157.03	\$72.47
Est Annual Costs	15	\$144,879	\$130,391	\$14,488	
Combined Annual Cost		\$15,762,825	\$12,135,606	\$3,627,219	
Percentage Increase/(Decrease)		9.9%	10.6%	7.6%	
Amount Increase/(Decrease)		\$1,415,162	\$1,159,669	\$255,493	

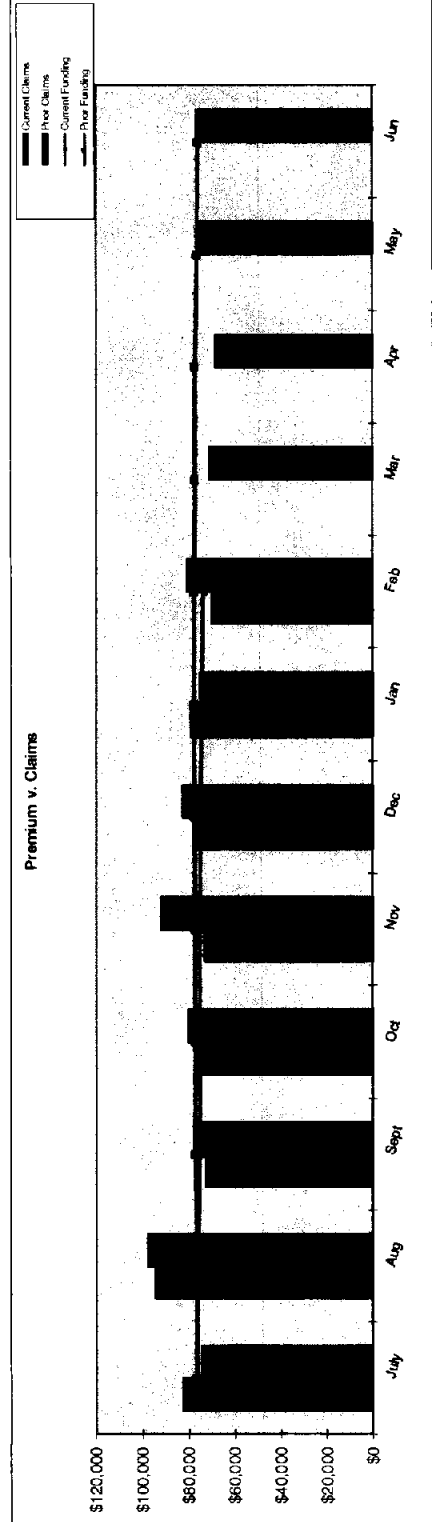
Renewal Employer Contribution:

- Premium Plan: 76.5%
- Core Plan: 85%
- HRA Plan: 90%

Dental Overall Subscribers / Claims

2018-2019					
	Subscribers	City of SF Funding	Paid Claims	Claims	Total Claims + Fees
Jul-18	1,211	\$76,715	\$82,340		\$86,518
Aug-18	1,205	\$76,381	\$94,505	\$67.99	\$98,662
Sep-18	1,184	\$75,011	\$72,207	\$78.43	\$76,292
Oct-18	1,186	\$74,896	\$76,297	\$60.99	\$80,389
Nov-18	1,190	\$74,843	\$73,082	\$64.33	\$77,188
Dec-18	1,184	\$74,411	\$76,335	\$61.41	\$80,420
Jan-19	1,183	\$74,209	\$78,998	\$64.47	\$83,079
Feb-19	1,181	\$73,889	\$69,966	\$66.78	\$74,040
Mar-19				\$59.24	
Apr-19					
May-19					
Jun-19					
Totals	9,524	\$600,354	\$623,730	\$65.49	\$656,588
% Change to 17-18					0.3%

2017-2018					
	Subscribers	City of SF Funding	Paid Claims	Claims	Total Claims + Fees
Jul-17	1,198	\$76,160	\$74,497		\$78,630
Aug-17	1,199	\$76,186	\$97,504	\$62.18	\$101,641
Sep-17	1,216	\$76,854	\$77,721	\$81.32	\$81,917
Oct-17	1,214	\$76,878	\$80,023	\$63.92	\$84,211
Nov-17	1,219	\$77,146	\$91,706	\$65.92	\$95,912
Dec-17	1,220	\$77,381	\$82,565	\$75.23	\$86,774
Jan-18	1,219	\$77,383	\$74,943	\$67.68	\$79,148
Feb-18	1,225	\$77,633	\$80,375	\$61.48	\$84,601
Mar-18	1,218	\$77,068	\$70,885	\$65.61	\$75,087
Apr-18	1,214	\$76,924	\$68,310	\$58.20	\$72,498
May-18	1,203	\$76,140	\$74,754	\$56.27	\$78,904
Jun-18	1,202	\$75,953	\$76,452	\$62.14	\$80,599
Totals	14,547	\$921,706	\$949,734	\$65.29	\$999,921
% Change to 16-17					3.7%
	1.8%	1.3%	3.8%	2.0%	1.8%



Forked off from Budget Committee remarks for April 23 last year.

Just starting on 4/22 at 9 am

The April 23 2018 presentation was given by Tom and focused on Equity Pay.

The text follows...

Good morning. I'm Michelle Gutiérrez. I work in the Public Utilities department and I'm president of AFSCME Local 3999.

I want to start by thanking the Mayor and all other members of the City Council for your interest in improving employee pay and in improving labor-management relations. My union represents over half the city's employees, and we look forward to progress in the coming year.

There are four points I want to emphasize.

1. We currently represent about 760 employees. The definition of this bargaining unit is regulated by Articles 1 through 3 of the contract and also by state law. We are occasionally concerned that managers want to change union positions to nonunion positions, so we want to remind upper management of these provisions. There is a Labor-Management Committee empowered by the contract to decide on these matters.
2. Fiscal 2020 is the last year of the three-year collective bargaining agreement between my union and the city. We hope the Mayor, his new team, and the City Council will see our bargaining agreements as instruments both sides can use to work in the open and to negotiate improvements that will benefit citizens.
 - Our current CBA with the City contains a "Classification and Pay Plan," in Article 26. Article 26 says the that AFSCME members receive a 2% across-the-board increase for the year starting July 1, 2019. It has a section covering temporary raises, for people who are asked to work temporarily beyond their typical duties. Other raises described in the article are permanent.
 - Article 26 of the contract also specifies an additional \$400,000, which was not spent in the first two years of the contract, for which the union can present a plan. We presented a plan for these funds exactly a year ago on April 23, 2018. A new version of this plan will be on the agenda for action, at the City Council meeting tomorrow.
 - The contract also requires the two sides to negotiate any increases above those already agreed to, such as the 2%. We know management is preparing a plan for implementation of a new system of job titles and pay grades to go with the new titles. We look forward to negotiating with management on this plan as soon as they are ready, probably before negotiations start on the successor contract.

Exhibit "3"

- The 2018–2020 contract itself will expire on June 30, 2020. In 2017, because contract negotiations started late, our union began work in Fiscal 2018 without a contract, and the two sides did not reach an agreement until September. We think a timely negotiation and agreement is in everyone's interest, and we propose the start of negotiations on a successor agreement in the autumn of this year.
- 3. We will work openly and constructively with management on compensation reform, without preconditions other than those specified in the contract. We would like the HR department to provide its proposal based on the Springsted study, as soon as possible, and we are glad to sit down immediately to negotiate an implementation..
 - Article 26 section 8, contemplates a “classification and compensation survey” done by management every 3 years for implementation in the 4th year. Although the survey done in Fiscal Year 2018 was behind schedule, we were glad to see it.
 - Section 8 also says that new pay ranges will be proposed for all classifications covered by the AFSCME contract. We are working now with the administration to complete that list.
- 4. To us, every open position means a manager has worked through the process and justified a new employee. Temporary raises are costly, because we want employees to be well compensated for work they do beyond the call of duty, but we hope management will make less use of them in the future. We want those positions staffed, fully, by a fair and efficient recruiting process.
 - Past management—no longer making policy—too often saw budgeted positions as opportunities to “save” by not hiring.
 - Our Union advocates that open positions be staffed in an efficient recruiting process, that both new and existing employees be compensated fairly, and that both existing and new employees benefit from a serious and well funded training plan.
 - Opportunities for training are in the spirit of our contract with the City and make basic sense for the City.
 - The best incentives for workers to perform and exert themselves are opportunities to learn, to be trained, to be promoted, and to be rewarded by permanent pay increases.

We look forward to negotiations in the rest of 2019, to improve employee pay and to discuss all other matters to prepare for more years of cooperative work.

CHAIRMAN ABEYATA, MEMBERS OF THIS COMMITTEE, ON BHALF OF THE SANTA FE POLICE OFFICERS ASSOCIATION I WOULD LIKE TO TAKE THIS OPPORTUNITY TO THANK YOU MAYOR WEBBER, CITY MANAGER LITZENBERG, CHIEF PADILLA AND MEMBERS OF THIS COMMITTEE, FOR YOUR EFFORTS IN DEALING WITH THE SERIOUS ISSUE THAT HAS AFFECTED THE SANTA FE POLICE DEPARTMENT IN THE PAST YEAR WHERE OUR OFFICERS ARE LEAVING THE DEPARTMENT FOR OTHER AGENCIES.

YOUR PROPOSAL SHOWS YOU HAVE BEEN TRUE TO YOUR WORD AND HAVE NOT KICKED THE CAN DOWN THE ROAD AS IT HAS BEEN FOR SO MANY YEARS IN THE PAST. YOU HAVE MADE A COMMITMENT TO THE CITIZENS OF SANTA FE TO PROVIDE THE BEST PUBLIC SAFETY POSSIBLE, AND WE THANK YOU.

IF I MAY, I WOULD LIKE TO REMIND YOU THAT THIS IS A PROCESS WHICH NEEDS TO BE CONTINUED. WE NEED TO CONTINUE TO TAKE STEPS, HOWEVER SMALL, BUT TO KEEP MOVING FORWARD AND CONTINUE COMPOMENSATION, AND STAY COMPETITIVE TO AVOID OUR OFFICERS FROM LEAVING IN THE FUTURE, AND ATTRACT QUALIFIED OFFICERS TO OUR DEPARTMENT.

WE ARE CURRENTLY IN NEGOTIATIONS WHICH I FEEL WE CAN CONCLUDE RATHER QUICKLY. AGAIN OUR UNION THANKS YOU AND WE ARE CONFIDENT WE CAN CONTINUE THIS PROCESS TOGETHER TO BENEFIT THE CITIZENS OF SANTA FE.

Police

Exhibit "4"