



City of San Antonio

Agenda Memorandum

File Number:17-4927

Agenda Item Number: 1.

Agenda Date: 9/5/2017

In Control: City Council Special Session

DEPARTMENT: Office of Management and Budget

DEPARTMENT HEAD: Justina Tate

COUNCIL DISTRICTS IMPACTED: City Wide

SUBJECT:

City Council Worksession on the FY 2018 Proposed Budget

SUMMARY:

Staff presentation on the FY 2018 Proposed Budget focusing on, but not limited to, the following City policies and initiatives:

- A. Employee Benefits & Compensation
- B. Information Technology & Smart Cities

BACKGROUND INFORMATION:

The FY 2018 Proposed Budget was presented to the Mayor and City Council on August 10, 2017. The budget is balanced as required by law and reflects the City Council policy direction of budgeting through an equity lens. The City's Fiscal Year begins October 1.

Equity and equality are two strategies that can be used in budgeting. Equity aims to understand the needs of the community and fairly distribute resources. Equality involves ensuring all parts of the community get similar amounts of resources regardless of need. In the context of the proposed budget, decisions made through an equity lens matter because it determines how the City will allocate resources and set priorities to meet the social and economic needs of San Antonio residents. This Budget proposes an equity approach.

The FY 2018 Proposed Budget includes investments in streets, public safety, and neighborhood services that

have the potential to make a significant difference in the quality of life of our community while maintaining a strong financial position.

A total of 10 City Council work sessions are scheduled prior to budget adoption on September 14 to present the budget in detail to the City Council. Since August 10 seven budget work sessions have been held. Three sessions were held during the week of August 14: Transportation and Capital Improvements Department (August 15), Fire and Police Departments (August 16), and the proposed City Debt Plan (August 17). Four additional work sessions were held during the week of August 21 and August 28: Planning, Neighborhood & Housing Services, Historic Preservation, Health, Sustainability, Human Services and Delegate Agencies (August 22); Parks, Library and Municipal Court (August 23); Solid Waste Management, Development Services/Code Enforcement, Animal Care Services, Economic Development, Center City Development & Operations, Eastpoint, and World Heritage Office (August 29); and Convention & Sports Facilities, Arts & Culture, and Tricentennial Office (August 30).

In addition to the budget work sessions a total of six community budget open houses and two public hearings have been scheduled to obtain input from the community about the proposed FY 2018 budget. The final public hearing on the FY 2018 Proposed Budget will be held on Wednesday, September 6 and the final Budget Open House will be held on Thursday, September 7.

ISSUE:

A budget Worksession is scheduled for Tuesday, September 5 from 2:00 P.M. to 5:00 PM at the Municipal Plaza “B” Room. At this session, the City Council will be presented with the FY 2018 Proposed Budgets for Employee Benefits & Compensation and Information Technology & Smart Cities.

Employee Benefits & Compensation

Healthcare Benefits The City continues to offer employees a choice in healthcare plans to best meet their individual needs. The City is self-insured for health benefits and City and employees share the cost of healthcare. The Total Employee Benefits Funds for the FY 2018 Proposed Budget is \$163,074,211.

Active Civilian Employees As the cost of health care continues to rise, the City continues to offer employees a choice in health plans to best meet their individual needs. The City is self-insured for health benefits, meaning the City and employees share all health costs.

For FY 2018, employees will continue to have the option of participating in one of two Preferred Provider Organization plans: Consumer Choice and New Value.

For those in Consumer Choice, the City will again provide a \$500 contribution (\$1,000 for family) to an employee’s Health Savings Account (HSA). The Consumer Choice plan continues to promote consumerism and encourages employees to take a more active role in managing their health care - placing more of their health care decisions in their hands. The plan will continue to have premiums lower than the New Value option. Internal Revenue Service (IRS) approved maintenance drugs covered under the Consumer Choice plan will continue to be exempt from the deductible.

The FY 2018 Proposed Budget includes premium and plan design changes for both plans. Plan design changes are recommended to better align with the current healthcare market while keeping employee premium increases as low as possible. There will be deductible increases in both the New Value and Consumer Choice plans. There will be a small increase in the out of pocket maximum in the New Value plan. Employee monthly premiums

increase between \$2 and \$73 depending on the selected plan and coverage tier, a lower contribution increase than in recent years. 90% of employees would experience rate increases less than \$20 per pay check. No plan design changes or premium increases are proposed for the dental or vision plans.

Uniform Police Employees Healthcare for Police Uniform Police employees is consistent with their collective bargaining agreement. There are two plans available for Police Officers, the Value Plan and the Consumer Directed Health Plan (CDHP).

Uniform Police employees participating in the CDHP will receive \$1,500 as a contribution from the City in their Health Savings Accounts. Like the Civilian Consumer Choice plan, the Uniform Police CDHP encourages Uniform Police employees to take an active role in managing their health care. The Uniform Police CDHP Plan is a high deductible plan; there are no employee contributions for monthly premiums for themselves or their dependents.

The Uniform Police Value Plan provides a lower deductible option than the CDHP, there are no employee contributions for the employee only, however the employee contributes for the coverage of their dependents. Monthly Employee contributions will increase consistent with their collective bargaining agreement.

Firefighter Healthcare Firefighters currently do not pay premiums for themselves or their dependents. The annual deductible is \$250 for an individual or \$500 for a family. The Out-of-Pocket maximum is \$500 for an individual and \$1,500 for families.

Retiree Civilian Benefits The City remains committed to providing health care insurance for retired City employees. Non-Medicare eligible retirees are eligible for the same health care plan options as active civilian employees, including Consumer Choice PPO with a health savings account and New Value PPO. Health care benefits are also provided to Medicare-eligible retirees through a Medicare Advantage plan. The FY 2018 Proposed Budget includes a 1.452% increase for retiree civilian benefits for ad hoc COLA.

Civilian Employee Compensation

Cost of Living Adjustment The FY 2018 Proposed Budget includes a 1% cost of living pay adjustment for all permanent full-time and part-time civilian employees, effective October 2017.

Step Pay Plan Modification The Step Pay Plan addresses market-competitiveness ensuring equitable employee pay within each job for non-professional, non-managerial employees. The Step Pay Plan, and the recommended modification, was developed with input from the City's Employee Management Committee (EMC), which is composed of City employees, employee associations including Service Employees International Union (SEIU) and the National Association of Public Employees (NAPE), and City management staff. Employees move annually through the range until they reach the highest step/maximum for their position. The FY 2018 Proposed Budget reduces the Step Play Plan from a maximum of ten to seven steps and adjusts step amounts to address pay compression issues. The highest five step pay plan ranges are removed from the step plan and become eligible for performance pay. The FY 2018 modification will be implemented through a combination of base pay increases and lump sum payments. Step Pay Plan employee are anticipated to receive on average a 3.3% salary increase.

Performance Pay The FY 2018 Proposed Budget includes funding for performance pay for Professionals, Managers, and Executives as a method to reward strong performance through base salary increases. Employees hired before April 1, 2017 will be eligible and increases will be based on performance evaluations, it is anticipated that employees on average will receive a 2.5% performance pay increase.

Transportation Allowance The FY 2018 Proposed Budget includes an increase in employees' monthly transportation allowance which is used primarily to pay for downtown parking costs. The monthly allowance

would increase from \$45 to \$65.

Uniform Employee Compensation

Police Pay Consistent with their collective bargaining agreement uniform police employees will receive a 3% salary increase and a \$100 increase in clothing allowance. This is in addition to other pay increases such as longevity (3% for every five years) and 2% step increases for eligible employees.

Fire Pay is consistent with the evergreen clause of fire collective bargaining agreement that expired in September 2014.

Information Technology & Smart Cities

The Proposed FY 2018 Budget for the Information Technology Services Department includes funding from Restricted Funds. Below is a summary of the funding and position counts that would be authorized by the FY 2018 Proposed Budget.

FUND	FY 2018 PROPOSED BUDGET	AUTHORIZED POSITIONS
ITSD Fund	\$60,649,062	341
Capital Projects	51,276,000	0
Total	\$111,925,062	341

The budget includes \$25,887 for one position for IT security to process ID badge and facility access requests for employees and contractors of the City. This position will replace a contractor which currently performs this task. The budget also includes funds to upgrade the City's data integrity systems to safeguard sensitive information relating to patient records (Health Insurance Portability and Accountability Act (HIPAA) compliance) and credit card transactions as the City moves to process more customer transactions electronically.

In FY 2017, the City's Office of Innovation, in partnership with other City departments, launched a formal Smart City program called SmartSA. The program includes nine projects across three focus areas of transportation, sustainability and digital connected living. The projects focused on increasing access to public Wi-Fi, reducing congestion and increasing pedestrian safety along major corridors, using technology to provide services in a sustainable manner and giving residents better options to interact with local government.

In addition, Innovation worked with City department directors to create a vision statement and top problems for the SmartSA program that will guide future projects and domain areas. As a smart city, the City of San Antonio aims *"to build a connected, inclusive and resilient community supporting a high quality of life."*

In FY 2018, the ITSD Department and the Office of Innovation will work on strategically increasing the City's Smart City efforts in coordination with other partners such as CPS, VIA, SAWS, and Bexar County.

The Office of Innovation will also launch a new program with a local incubator to promote and grow San Antonio's technology ecosystem. This new program will aim to provide local government with tech solutions for civic challenges, create a tech talent pipeline with local universities and grow our tech startup ecosystem.

ALTERNATIVES:

This item is a scheduled worksession for the FY 2018 Proposed Budget.

FISCAL IMPACT:

This presentation provides a briefing on the major initiatives within Employee Benefits & Compensation and Information Technology & Smart Cities. The FY 2018 Budget is scheduled to be adopted by City Council on September 14, 2017.

RECOMMENDATION:

This item is a worksession for discussion of the FY 2018 Proposed Budget and is for briefing purposes only.