



City of San Antonio

Agenda Memorandum

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Agenda Date: 9/3/2019

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 2020 Proposed Budget

SUMMARY:

Staff presentation on the FY 2020 Proposed Budget focusing on, but not limited to, the following City policies and initiatives:

- A. Employee Compensation and Benefits
- B. Administration of the City

BACKGROUND INFORMATION:

The FY 2020 Proposed Budget was presented to City Council on August 8, 2019. The budget is balanced as required by law and reflects the City's continued commitment to providing public services and programs that enhance the quality of life for the San Antonio residents. Guided by the City Council policy direction and community input, the proposed budget focuses on strong families and children, police, streets, sidewalks and transportation, affordable housing, and property tax relief.

The Proposed FY 2020 Consolidated Annual Budget, comprised of all funds, excluding transfers, totals \$2.9 billion. The General Fund budget is \$1.27 billion; restricted funds such as Airport, Development Services, Solid

Waste, and Hotel Occupancy Tax total \$937 million; and the Capital Budget totals \$715 million.

Following the presentation of the proposed budget a series of city council budget worksessions are scheduled from August 13 to September 11. At these sessions, City staff will review the budget proposals with the Mayor and City Council in detail. The budget is scheduled to be adopted on September 12 for the City's fiscal year that begins on October 1.

ISSUE:

A budget worksession is scheduled for Tuesday, September 3 from 2:00 P.M. to 5:00 P.M. at the Municipal Plaza "B" Room. At this session, the City Council will be presented with the FY 2020 Proposed Budgets for the Employee Benefits. Additionally, the budgets associated with several departments that provide internal services to other city departments and handle the administration of the City.

EMPLOYEE COMPENSATION & HEALTHCARE BENEFITS

Civilian Employee Compensation

Step Pay Plan: The FY 2020 Proposed Budget includes a 3% across the board pay increase for all regular full-time and part-time civilian employees on the step-pay plan, effective October 2019. The 3% increase will impact all steps of the pay-scale, allowing for employees who have reached their maximum step to be eligible for a 3% pay increase. The 3% across the board pay increase for all step-pay plan employees is in lieu of any step movement in FY 2020.

Additionally, Airport and Park Police will receive a 4% across the board adjustment.

Performance Pay: The FY 2020 Proposed Budget includes funding for performance pay for professional & managerial civilian employees as a method to reward strong performance through base salary increases. Employees hired by April 1, 2019 are eligible and increases are based on performance evaluations. A pool equaling 3% of their salaries is included in the budget for performance pay.

Uniform Employee Compensation

Police In accordance with the current Collective Bargaining Agreement approved in 2016, in FY 2020 uniform police officers will receive a 3% salary increase, \$100 in additional clothing allowance, 3% Longevity for eligible employees, and step increases for eligible employees.

Fire Compensation for uniform firefighters is in accordance with the Collective Bargaining Agreement that expired in September 2014. The proposed budget includes Longevity increases of 3% for eligible employees, and step increases for eligible employees.

Retiree Civilian Employees

The FY 2020 Proposed Budget includes a 1.3% ad-hoc cost of living adjustment for civilian retirees.

Healthcare Benefits

Active Civilian Employees

The City continues to offer employees a choice in health plans to best meet their individual needs. Three medical plans are offered in FY 2020, a PPO New Value Plan, a High Deductible Consumer-Driven Health Plan (CDHP), and a new HMO Narrow Network Plan: Blue Essentials.

The plan design changes and contribution increases put in place in 2018 have been effective in managing costs

in the civilian health plans. With continued strategies to increase employee education and support of the Benefits Value Advisor and Member Rewards programs, no employee contribution increases are recommended in FY 2020.

For civilians employees in the CDHP plan the City will continue to provide a \$500 annual contribution (\$1,000 for family) to an eligible employee's Health Savings Account (HSA).

Blue Essentials HMO: In addition to the New Value and Consumer Choice plans, an HMO style Texas network plan option is introduced in FY 2020 to provide civilian employees with another option for accessing healthcare. Under the Blue Essentials plan, employees will be connected to a smaller group of qualified medical providers with care directed by a primary care provider. The plan design will be similar to the New Value PPO with deductibles and co-pays but with lower monthly contributions. This plan covers only in-network services in a Texas network.

In FY 2020, there are several enhancements to the civilian employee healthcare plans including:

- 1) Travel and lodging benefits for authorized medical care that requires travel outside San Antonio
- 2) Diabetes management program to help employees manage their diabetes condition
- 3) Consumer medical that assists employees with decision support, high performing physician identification, and expert medical options
- 4) Applied behavioral analysis for members with Autism Spectrum Disorder

Uniform Police Employees Uniform Police employees' health care benefits are in accordance with their Collective Bargaining Agreement. There are two plans available: the Value Plan and the Consumer Driven Health Plan (CDHP).

Eligible Uniform Police employees participating in the Consumer Directed Health Plan (CDHP) receive \$1,500 annually as a contribution from the City in their Health Savings Accounts. The Uniform CDHP Plan is a high deductible plan, but covers 100% of employee and dependents premiums.

The Uniform Police Value Plan provides a lower deductible option that also covers 100% of the premiums for each Uniform employee. Participants are responsible to pay for coverage for their family members.

Firefighter Healthcare Uniform Firefighter employees' health care benefits are in accordance with their Collective Bargaining Agreement. Under the current plan the City covers 100% of the premiums for each employee and their dependents. The Plan's 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

Non-Medicare eligible retirees are eligible for the same health care plan options as active civilian employees, including a PPO New Value Plan, a High Deductible Consumer-Driven Health Plan (CDHP) with a health savings account, and a new HMO Narrow Network Plan: Blue Essentials. There are no increases to non-Medicare retiree monthly premiums in FY 2020.

Health care benefits are also provided to Medicare-eligible retirees through a Medicare Advantage plan.

ADMINISTRATION OF THE CITY

The budget worksessions to date have focused departments which provide direct services to the community and

visitors. In support of those departments, the City has internal service functions which provide essential services to ensure efficient operations. These services include 311/customer service, information and technology, fleet management, facilities maintenance, financial management, procurement, payroll, human resources, legal services, audit, public relations, risk management, budget, city clerk, and support to the Mayor & Council.

The Proposed FY 2020 Budget for the Administration of the City includes funding from both the General Fund and Restricted Funds. Below is a summary of the funding and position counts that would be authorized by the FY 2020 Proposed Budget.

Department General Fund	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
311/Customer Service	\$3,197,649	45
City Auditor	3,142,543	23
City Clerk	4,359,413	34
City Manager	3,962,739	19
Equity Office	651,424	5
Historic Preservation	2,118,001	20
Management & Budget	3,029,807	19
Mayor & Council	10,555,037	18
Municipal Elections	964,344	0
Non-Departmental ¹	18,219,790	1
World Heritage	1,428,112	5

1. The total budget for non-departmental is \$21,457,508. Included in Non-departmental are three departments that are being reported on separately to include Equity office \$651,424, World Heritage \$1,428,112, and the Carver Center which is managed by Convention Sports and Facilities \$1,158,182.

Building Equipment Services	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
Facility Services Fund	19,964,965	132
Fleet Service Fund	23,654,523	68
Equipment Renewal & Replacement Fund ²	39,621,973	0
Capital	5,000,000	0
Total	\$88,241,461	200

2) The FY 2020 Building & Equipment Services - Equipment Renewal & Replacement Fund is \$40,492,580 of which \$870,607 is transferred to the Fleet Services Fund.

City Attorney	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS

General Fund	8,786,298	65
Liability Fund	1,414,896	12
Workers' Compensation	712,541	6
Grants	217,856	2
Total	\$11,131,591	85

Finance Department	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
General Fund	12,806,500	103
Purchasing Fund	7,409,071	42
Convention & Visitors Fund	453,834	5
Total	\$20,669,405	150

Government & Public Affairs	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
General Fund	5,793,432	38
Public Education & Government Fund	3,877,350	0
Total	\$9,670,782	38

Human Resources	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
General Fund	6,965,738	50
Employee Benefits	166,240,035	24
Unemployment Fund	235,729	0
Total	\$173,441,502	74

Information Technology Services	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
Information Technology Services Fund	67,200,881	341
Capital Projects	44,181,015	0
Total	\$111,381,896	341

Innovation	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
General Fund	1,399,570	10
Capital	2,900,000	0
Total	\$4,299,570	10

Risk Management	FY 2020 PROPOSED BUDGET	AUTHORIZED POSITIONS
Liability Fund	8,136,317	12
Workers' Compensation	12,327,126	16
Total	\$20,463,443	28

Efficiencies:

Citywide Delayed Hiring of Non-Critical Positions: The FY 2020 Proposed Budget implements a delay in hiring for non-critical positions, resulting in a \$3 million reduction in General Fund costs.

Citywide Data/Cell Services Reduction: The FY 2020 Proposed Budget includes \$354,000 in reduced cellular and data costs. Of the amount \$254,350 is in the General Fund and \$99,182 is in restricted Funds. These savings are achieved by increasing utilization of WiFi instead of City paid data plans and discontinuing underutilized devices.

Finance Re-organization: In an effort to streamline operations and still providing excellent customer service and maintaining positive working relationships with our fiscal stakeholders, the Accounts Payable, Accounts Receivable, Payroll and the General Ledger sections of the Comptroller's group will be merged into the Disbursements & Receivables section within the Comptroller's division. A net savings of \$122,494 will be realized as a result of this consolidation (5 positions are eliminated totaling \$366,246 and 4 positions are added totaling \$243,753).

Information Technology Department Efficiency: The FY 2020 Proposed Budget reduces 2 management positions as a department efficiency in the amount of \$332,995. These savings are a result of consolidation of GIS Application Teams and reorganization of duties in the Chief Information Technology Office.

Improvements:

Mayor and Council: The FY 2020 Budget adds funds (\$263,274) to the Mayor and City Council support budget which includes a 3% council aide salary increase and increases to the healthcare stipend, parking stipend, and individual retirement account (IRA) match.

City Tower Building Maintenance: The FY 2020 Budget includes funding to add \$2.2 million in the Building and Equipment Services Department to fund utility costs, contract security services, and 11 new positions to provide custodial and trades maintenance service to the partially occupied building.

Study of City-Owned Facilities: FY 2020 Proposed Budget includes \$250,000 in the Building and Equipment Services Department to conduct a Facility Study of certain City-owned facilities including those leased to non-profits.

Technology Improvements to record and broadcast CPS Energy meetings: The FY 2020 Proposed Budget includes \$600,000 within the Public Education and Government Fund to equip CPS Energy's board meeting rooms with the technology needed to record and broadcast public meetings.

Information Technology Improvements: The FY 2020 Proposed Budget includes funds in the amount of \$948,804 to begin migrating the Frio Data Center to a new facility.

Office of Risk Management Improvement: The FY 2020 Proposed Budget adds 2 Claims Adjuster positions to reduce the average annual open caseload per adjuster from 168 to 100, which is in line with industry standards and will improve customer service and documentation procedures. The cost of the positions in FY 2020 is \$101,733.

City Tower Project

The City of San Antonio purchased the downtown Frost Tower building in 2016 to consolidate city functions into one central location. At the time of the purchase, the City leased office space in four buildings in the downtown area, costing the City \$3.5 million annually. After a 3 year lease back period, Frost Bank relocated to the new Frost Bank Tower. Currently, the building is occupied by 6 city departments and 6 other non-city tenants. These tenants will remain in the building while the building is renovated. In fall 2020, a phased move in of the remaining 17 departments will begin and will be completed in spring of 2021.

Revenues from the parking garage, leases with non-city tenants, and the lease savings due to departments relocating from privately owned buildings into a city owned building go into the City Tower and Garage Fund. The FY 2020 Proposed Budget for City Tower and Garage Fund is \$6,188,988. Of this amount, \$3.8 million is for building maintenance, utilities, security and operations of the parking garage and \$2.4 million for debt service. A total of 16 positions are added for these efforts (11 positions to support building maintenance are added in the Building and Equipment Services Department and 5 positions are added to the Center City Department to operate the parking garage).

A thirty year proforma was developed to account for the revenues and expenditures of this project as departments are consolidated into the City Tower. This proforma is continually updated based on a certain set of assumptions and will remain at least cost neutral.

The FY 2020 Proposed Improvements and Reductions for these departments are detailed in Attachment 1.

Additionally, at this budget worksession, information regarding the Parking Fund will be presented to address questions from city council members made at previous budget worksessions.

ALTERNATIVES:

This item is a scheduled worksession for the FY 2020 Proposed Budget.

FISCAL IMPACT:

This presentation provides a briefing on the major initiatives within the Employee Compensation and Benefits and Administration of the City departments. The FY 2020 Budget is scheduled to be adopted by City Council on September 12, 2019.

RECOMMENDATION:

This item is a worksession for discussion of the FY 2020 Proposed Budget and is for briefing purposes only.