Today's Agenda and Next Budget Work Sessions

August 9
Budget Work Session

- **Fire** Strategies to Address Escalating Overtime Cost
- **AISD** Prospective Service Agreement
- **Austin Code** Staffing and Service Enhancements
- **Aviation** Capital Expansion and Staffing Increases
- **Development Services** Continued Implementation of Zucker Study Staffing & Service Enhancement Plan
- **Human Resources** Civilian Employee Pay and Benefits

August 16
Budget Work Session

- Discussion of Council Amendments
- Council Proposed Budget Policy Discussion

August 23
Budget Work Session

- Discussion of Council Amendments
- Labor Negotiations Executive Session
- Council Proposed Budget Policy Discussion

August 30
Budget Work Session

- Finalize Council Amendments
- Labor Negotiations Executive Session

Reducing Fire Department Overtime Costs

August 9, 2017

Overview

- Projected FY18 vacancies expected to be unusually high due to
  - Retirements: senior firefighters from large cadet classes 30 years ago are retiring
  - Delayed/smaller cadet classes in recent years
- All fire apparatus are staffed with four persons, every shift, for safety reasons
- Mandatory staffing in Operations requires vacancies be filled with firefighters on overtime
- City Manager asked the Fire Department to explore options for reducing overtime costs

Response

- Temporarily reduce Team Lead (TL) ratio in cadet training
- Reassign selected sworn personnel back to Operations
- Prepare to conduct two cadet classes running concurrently, with staggered starts - up to six classes sequentially over the next two years.

Temporarily reduce Team Lead (TL) ratio in cadet training

- Impact:
  - Team Leads mentor cadets and provide skills assessment.
  - Teams are pulled from Operations for each cadet class, creating the need to backfill positions with overtime.
  - Reducing the ratio from 1 TL: 8 cadets to 1TL:12 cadets will reduce individual time spent with each cadet.
- Savings: $329,000 removed from FY18 budget based on starting two cadet classes.

Reassign selected sworn personnel back to Operations

- 21 of the 57 full-time personnel from the impacted Staff Sections (37%) will be temporarily assigned to Operations to fill vacancies and reduce overtime.
- Among firefighters, there is universal support for scaling back Staff Section programs instead of reducing four-person staffing in Operations.
- Firefighter safety and effective emergency services for the community should not be compromised.
- The Staff Sections will be returned to their former staffing levels as cadet classes graduate and firefighter vacancies are filled.

Staff reassignment (cont'd)

- Temporarily move 21 personnel in Staff assignments to Operations' vacancies to relieve some of the need for overtime.
- Personnel moves at the following ranks must be for one full year to save $2.3 million:
  - 3 Battalion Chiefs
  - 3 Captains
  - 10 Lieutenants
  - 4 Fire Specialists
  - 1 Firefighter
  - If a position is not re-assigned from one of the following sections, or is released early, a position from the same rank must be re-assigned from a different Staff Section.

Staff Reassignment Impacts

- Lieutenant (only person) working on Pre-Fire Plans gathers and catalogues building blueprints and other key information that used by firefighters in a structure fire. Project will be on hold.
- Fire Specialist working in Professional Standards Office doing background checks on cadets and providing support for internal investigations. Work activities will slow.
- Lieutenant doing maintenance and upkeep on equipment found on fire apparatus. Operations firefighters may see higher rates of equipment failure in the field and delays in repair.

Staff Reassignment Impacts (cont'd)

- One Lieutenant and one Firefighter in the Wildfire Division working on community education. Goals will be modified (reduced).
- Two Lieutenants working on Arson Investigations moved because of schedule restructuring. Use of "on call" instead of 24/7 shift staffing slows investigation response at night and on weekends.
- Four Lieutenants and one Fire Specialist working on Continuing Education and Medical Operations course content. The remaining four personnel would only produce the minimum, required courses to meet recertification standards.

Staff Reassignment Impacts (cont'd)

- Three Battalion Chiefs functioning as "Safety Chiefs". The Operations Battalion Chiefs will have to handle station safety inspections, firefighter collision and injury investigations, and accompany firefighters with exposures to a medical facility. Additional workload for busy Battalion Chiefs increases risk of operator errors.
- Three Captains functioning as "Field Training Officers" conduct Post Incident Reviews and "higher class" training. The Operations Battalion Chiefs will have to absorb these activities into their workload.

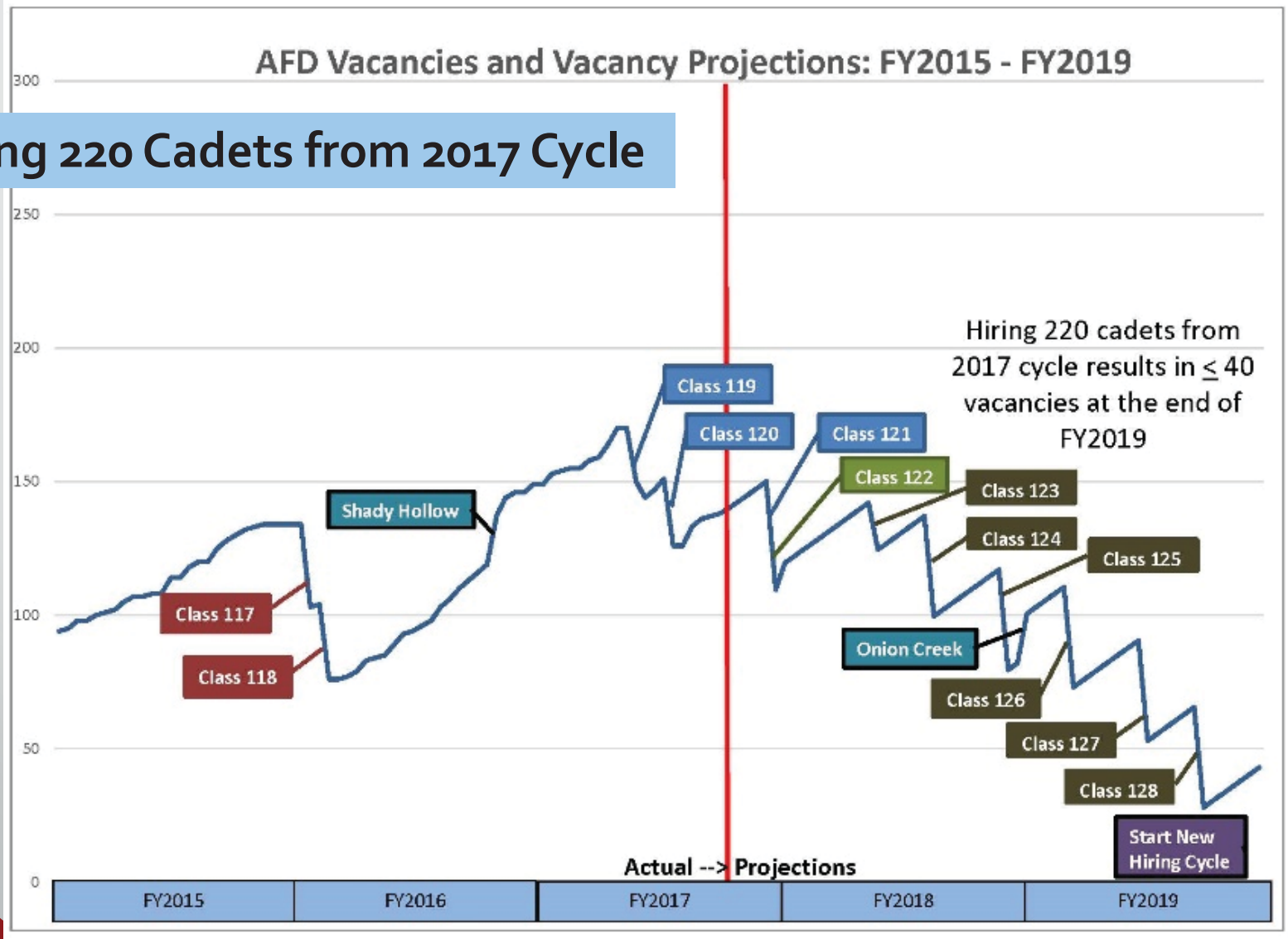
Staff Reassignment Impacts (cont'd)

- One Fire Specialist in Special Operations Support who monitors and maintains equipment used specifically for hazardous materials incidents. There is potential for delays in identifying unknown substances using less sensitive, back-up detection equipment if more complicated equipment needs maintenance/repair.
- One Lieutenant and one Fire Specialist working in Community Outreach coordinating smoke alarm installations and attendance at public education events. Goals will be modified (reduced) to reflect what can be accomplished by the one remaining civilian program coordinator.

Cadet Hiring

- The ability to hire from the 2017 cadet hiring process is critical to reducing the need for overtime in future fiscal years.
- April 2017: 1,735 qualified applications submitted
- May 24-25, 2017: Written exam administered to 1,276 candidates
- June 15-16, 2017: Structured Oral Process administered to 1,158 Candidates
- July 21, 2017: Scores submitted to DOJ for review. AFD requesting permission to establish a hiring list with 400 names to insure 220 candidates can be hired before September 2019.
- Fire Department plans to start 4 cadet classes in FY2018.

Hiring 220 Cadets from 2017 Cycle



Summary

- We strongly believe four-person staffing is the right answer to providing safe and effective service over the long-term
- AFD's problems with overtime will diminish as vacancies are filled through cadet hiring over the next 12-18 months
- Short-term, funding issues should be resolved by reducing the Team Lead ratio and re-assigning firefighters from Staff to Operations positions
- Our goal is to stay within our FY18 overtime budget

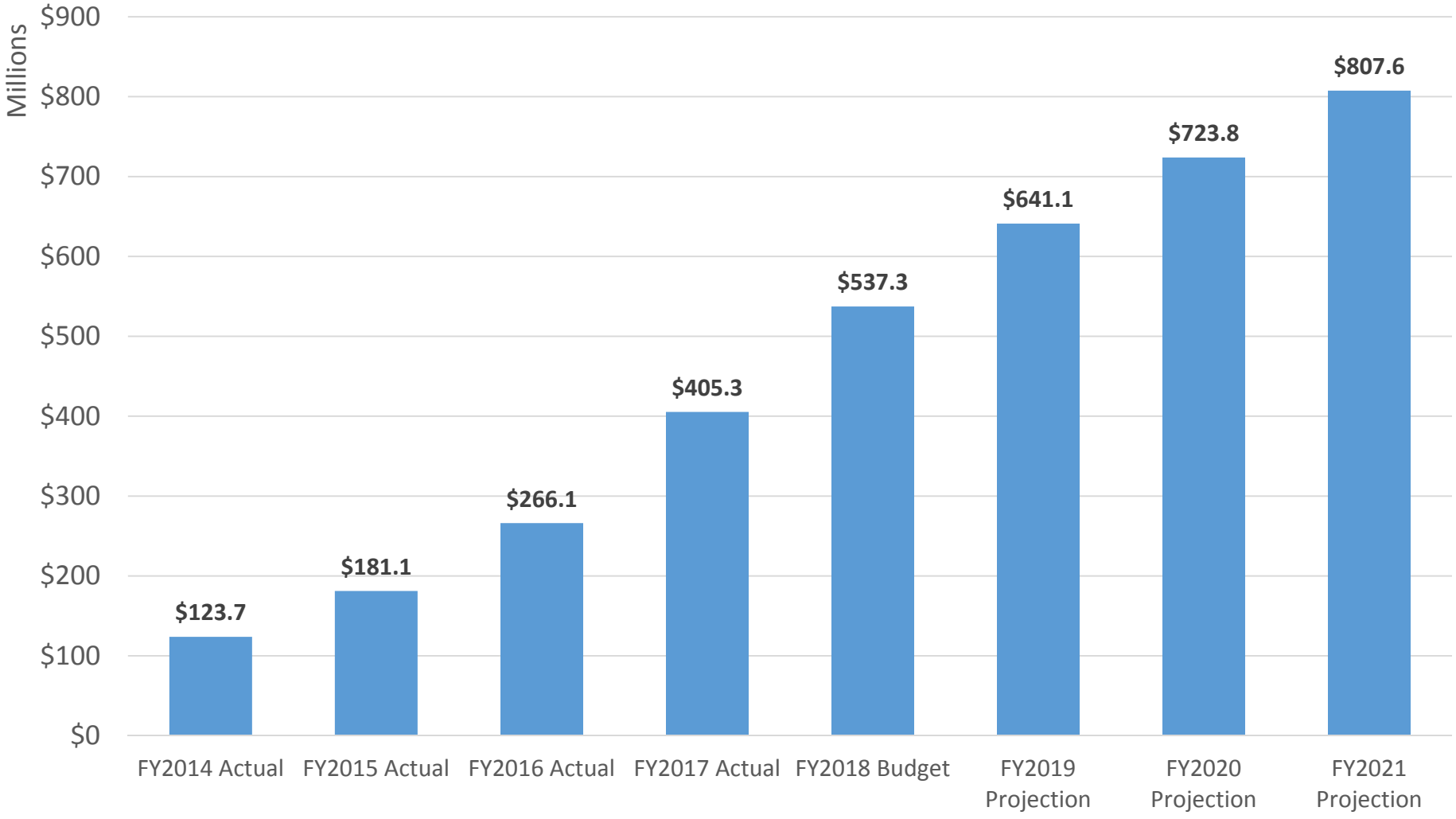
Questions?

Prospective Service Agreement with Austin Independent School District

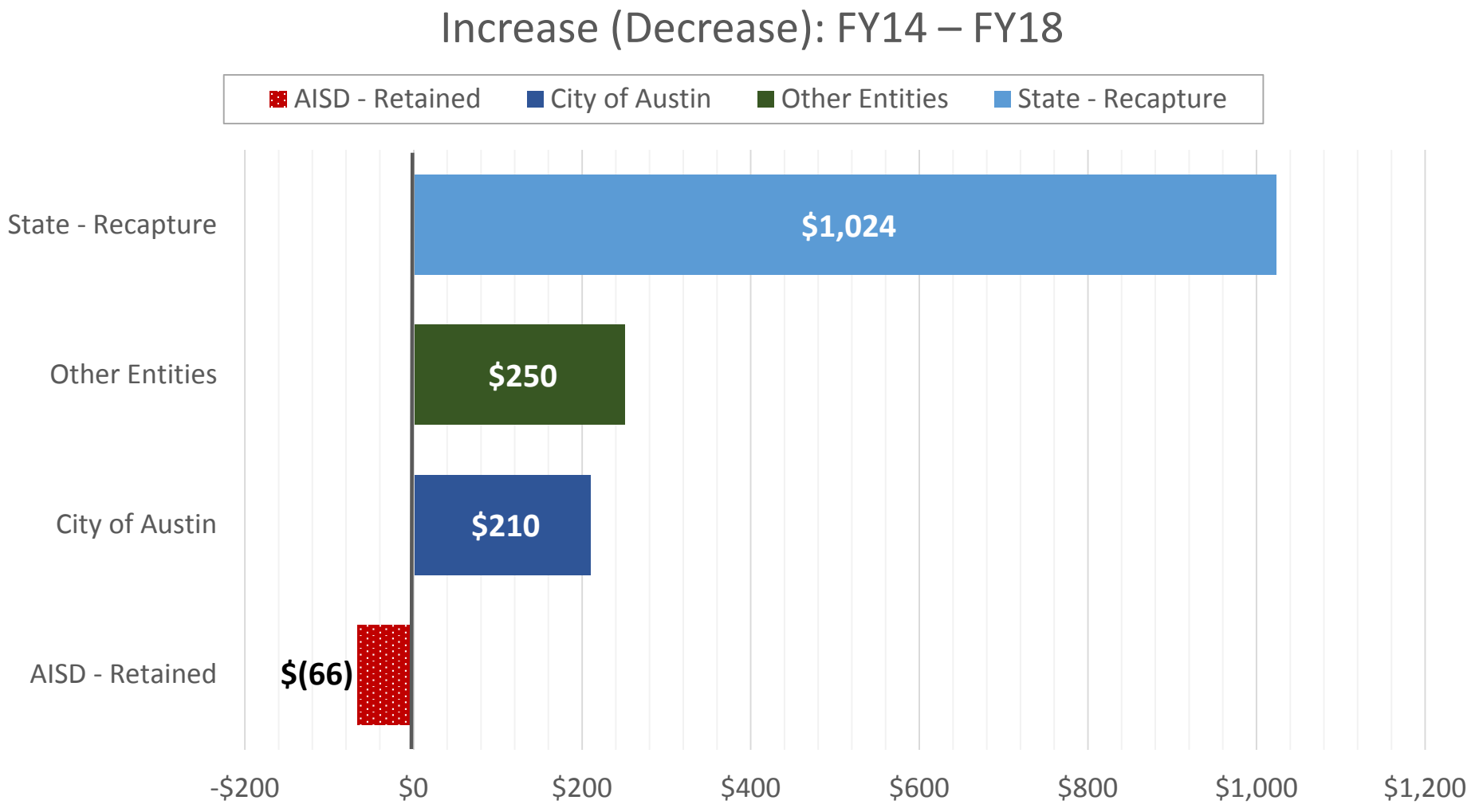
August 9, 2017

City of Austin, TX

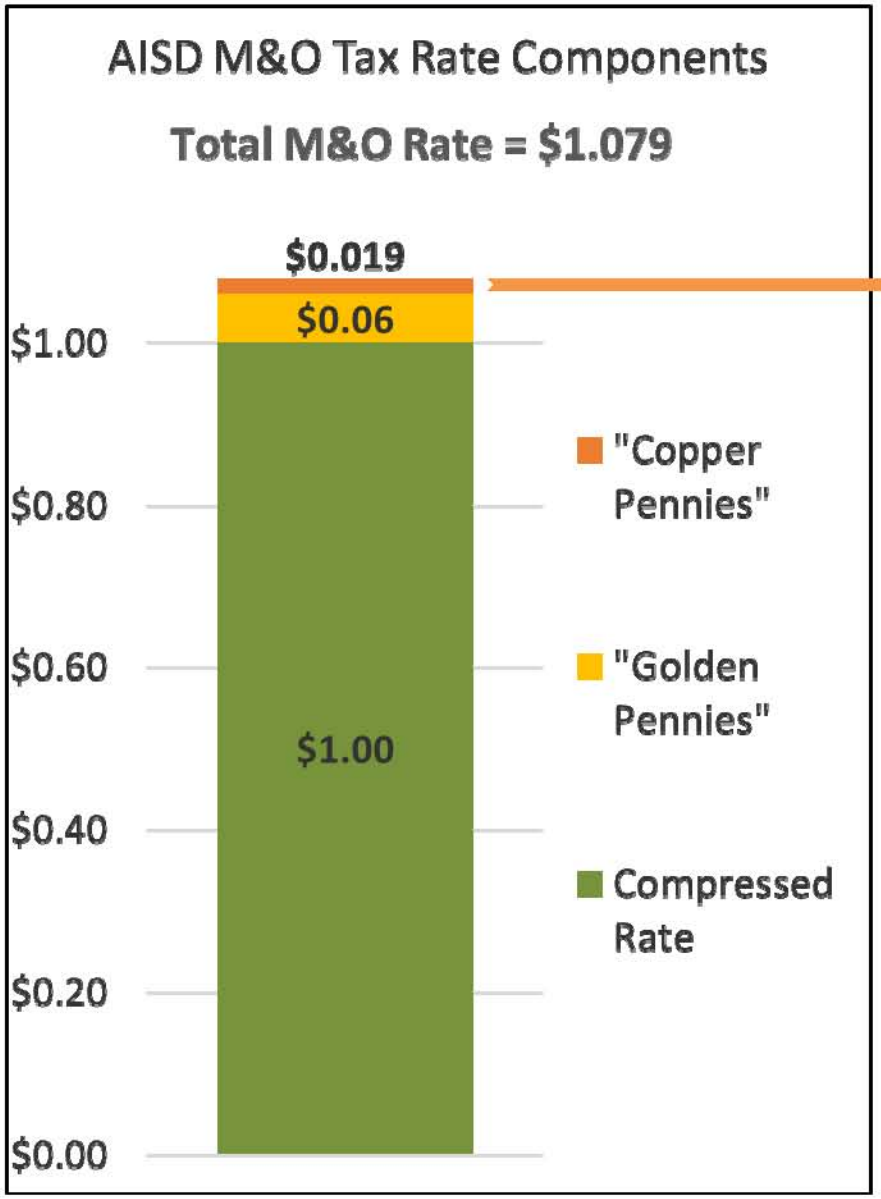
Historical and Projected AISD Recapture Payments

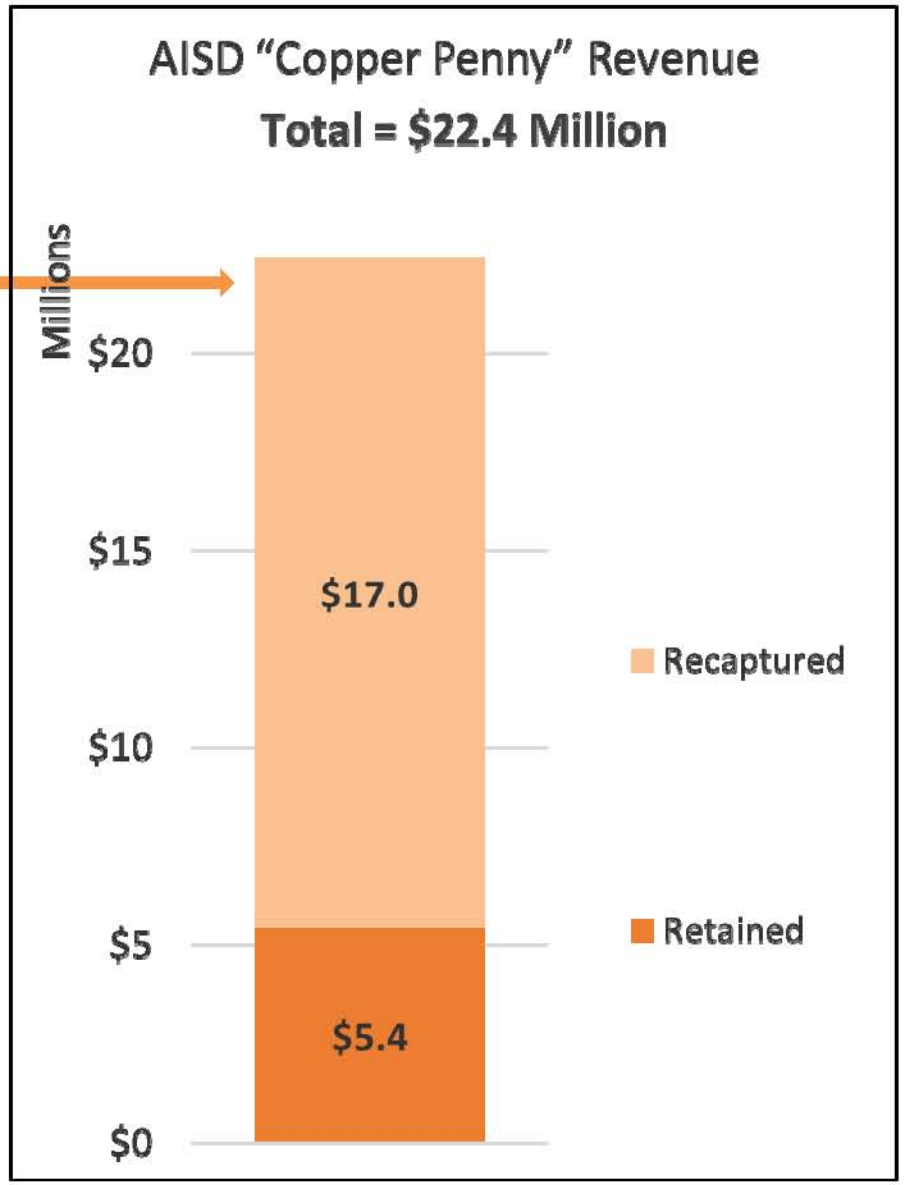


Cumulative Property Tax Change



AISD Recapture Dynamics – FY 2019 Projection





Tax Swap Vs. Non-Tax Swap Approaches

Tax Swap	Non-Tax Swap
AISD must stop providing all "swapped" services	AISD can continue to deliver services
Potential increase in costs and/or outsourcing of service delivery	No increase in cost structure and no change in service delivery
Disruption to AISD workforce	No disruption to AISD workforce
Can only include costs incurred by AISD during the prior 12 months	Can include projected cost increases and programs currently funded by the City (e.g. Parent Support Specialists)
City's rollback tax rate increases in an amount proportional to the additional costs incurred	Requires the City to exceed the rollback tax rate or reduce other cost centers

Scenario A

City contracts with AISD to provide $11.2 million of eligible services; AISD eliminates "copper pennies"

- City *increases* FY18 tax rate by 0.84 cents above rollback rate
- AISD *gains* $5.8M in uncommitted budget, *reduces* FY19 tax rate by 1.9 cents (eliminates "copper pennies")
- Net aggregate tax payer *savings* of $11.0M
- Typical Homeowner in COA/AISD *saves* $29.81
- Typical Homeowner in COA/non-AISD *pays* $23.48 more
- Typical Senior *pays* $15.90 more

Aggregate Benefits, Individual Winners and Losers

- **Impact on Seniors**

  Tax bills will rise for seniors due to "tax freeze" provided by school districts. Impact could be offset in aggregate by increasing the City's senior exemption but seniors with higher-value homes or who have been in their homes the longest will still pay more.

- **Impact on Non-AISD City Tax Payers**

  The approximately 25% of residents that live outside of the AISD service boundary would experience higher tax bills.

Scenario B

City contracts with AISD for $11.2M and with other school districts for $2.8M in services, increases senior homestead exemption by $7,000; AISD eliminates copper pennies

- City *increases* FY18 tax rate by 1.13 cents above rollback rate
- AISD *gains* $5.8M in uncommitted budget, *reduces* FY19 tax rate by 1.9 cents (eliminates "copper pennies")
- Net aggregate tax payer *savings* of $8.1M
- Typical homeowner in COA/AISD *saves* $21.45
- Typical homeowner in COA/non-AISD *pays* $31.85 more
- Typical senior *saves* $10.38, seniors held harmless in aggregate but still individual winners and losers

Scenario C

City contracts with AISD for $17.5M and with other school districts for $4.4M in services, increases senior homestead exemption by $10,000; AISD eliminates copper pennies

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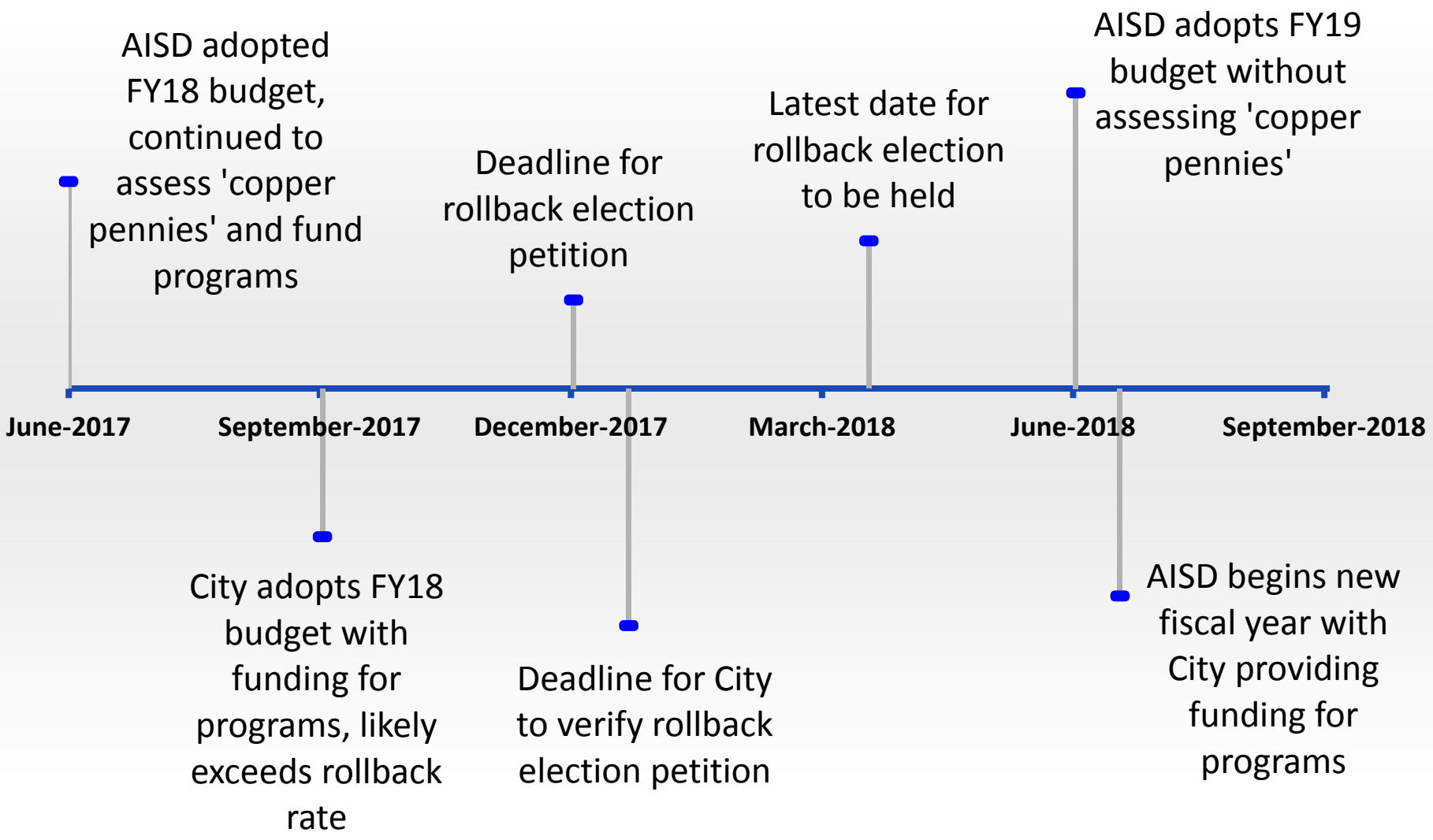
- City *increases* FY18 tax rate by 1.76 cents above rollback rate
- AISD *gains* $12.1M in uncommitted budget, *reduces* FY19 tax rate by 1.9 cents (eliminates "copper pennies")
- No aggregate savings to tax payers
- Typical homeowner in COA/AISD *saves* $3.83
- Typical homeowner in COA/non-AISD *pays* $49.47 more
- Typical senior *saves* $12.77, seniors held harmless in aggregate but still individual winners and losers

Timeline


AISD adopted FY18 budget, continued to assess 'copper pennies' and fund programs
Deadline for rollback election petition
Latest date for rollback election to be held
AISD adopts FY19 budget without assessing 'copper pennies'
June-2017
September-2017
December-2017
March-2018
June-2018
September-2018
City adopts FY18 budget with funding for programs, likely exceeds rollback rate
Deadline for City to verify rollback election petition
AISD begins new fiscal year with City providing funding for programs

Eligible Programs – Projected FY19 Cost

Programs without AISD Staff	Total Cost
Family Resource Center	94,434
Community In Schools	645,000
Safe Place	90,675
Legacy of Giving	45,000
Seedling	500,000
Austin Learning Academy	170,660
Faith Presbyterian Church	20,444
African American Harvest Foundation	343,436
Con Mi Madre	21,000
Austin Partners in Education	500,000
Student Certifications	15,000
GATRRS Radio System	706,678
TOTAL	$ 3,152,327

Programs with AISD Staff	Total Cost
Graduation/Dropout Specialists	928,573
School to Community Liaisons	183,575
Parent Support Specialists	3,111,103
Project Advance	706,969
AVID	1,596,791
Prime Time After-school Program	1,590,611
Security Officers Districtwide	9,604,397
TOTAL	$ 17,722,019

All Eligible Programs	**$20,874,346**

Questions/Discussion

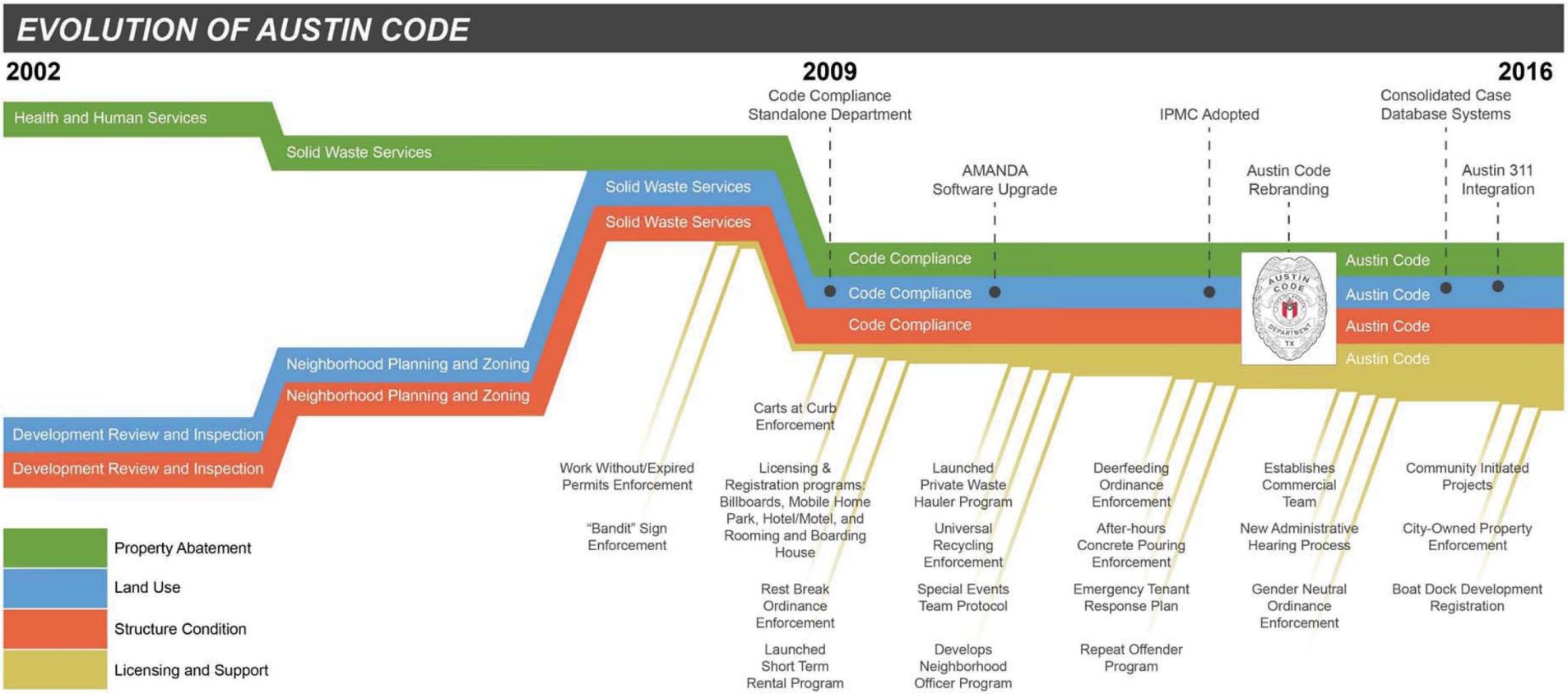
AUSTINCODE DEPARTMENT

CODE EDUCATION, COLLABORATION & ENFORCEMENT

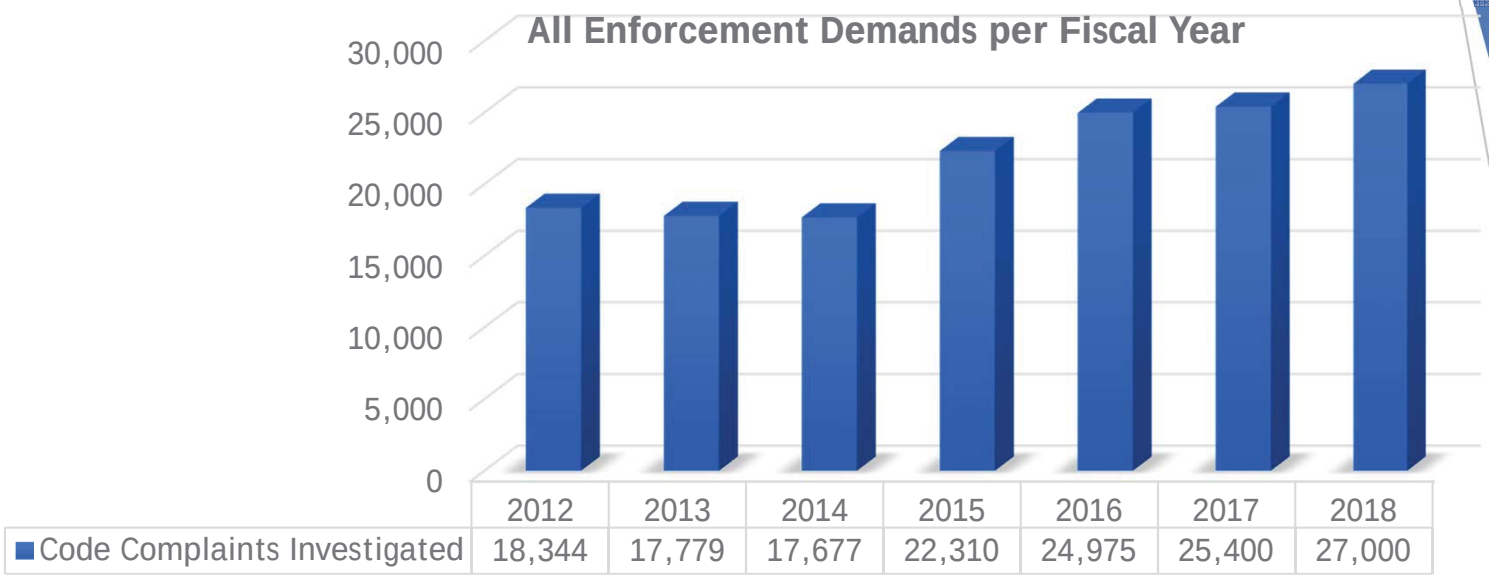
FY18 Proposed Budget

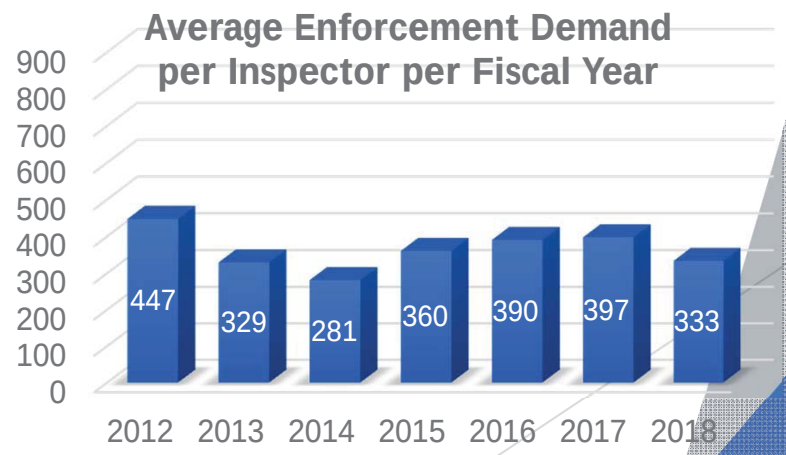
AUGUST 2017

Interim Director Organizational Scan



Code Enforcement Demand Trends





** Does not include ROW sign enforcement, special events, license & registration, emergency response or community initiatives.*

"A New Vision and New Direction"

- 2017 Organizational Scan
- FY 2018 Recommendations
  - New departmental vision and direction
  - Strategic enforcement practices and tools
    - Reset standards and performance metrics
    - Demand driven organizational realignment
    - Enhanced customer service and technical assistance
    - Fiscal controls and stewardship

Close Critical Service Gaps

Vision

Building a Greater Austin together through Code Education, Collaboration & Enforcement

Mission

The mission of Austin Code Department is to provide effective community education and fair and equitable enforcement of local property maintenance, land use, and nuisance codes in order to gain and maintain compliance, so that Austin will be safe and livable.

Critical Service Gaps

Short-Term Rental License & Proactive Enforcement

-Estimated 7,000+ vacation rental properties in Austin
-**FY2016:** 1,169 licensed short-term rental properties
-Recommend dedicated evening and weekend enforcement
-Propose proactive enforcement vs. complaint driven

Repeat Offender Program Capacity – Follow-up Enforcement

-Estimated 166 potentially eligible properties; only 78 registered (47%)
-Property violations identified 698; with 394 (56%) outstanding
-**Workload:** 682 buildings and 8,569 dwelling units
-**Annual Inspections:** 317 buildings (46%) and 830 dwelling units (10%)

Rooming & Boarding House Enforcement

-Estimate >200 unlicensed residential; 250 commercial
-**Common Complaints**: Overcrowding, neighborhood nuisances
-Many not regulated by the State — concern for resident safety & care

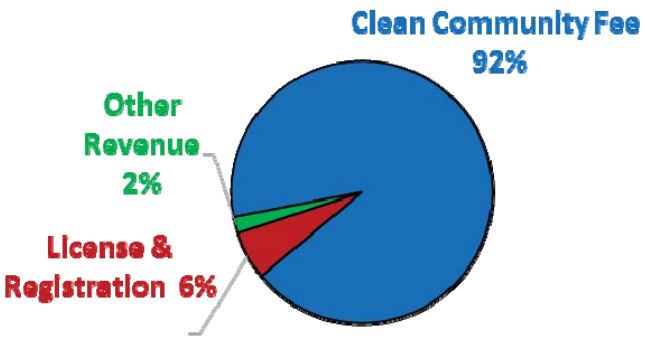
Critical Service Gaps

After Hours Enforcement (Evening/Weekend)
-FY 2016: 6,745 complaints received between 4 p.m. – 7 a.m.
-FY 2016: 1,102 complaints received on a Saturday

Financial Services: Cashier and Accountant
Accounting staff to maximize fiscal control & progressive collections

Department Fund Sources and Uses

Fund Sources



Fund Uses

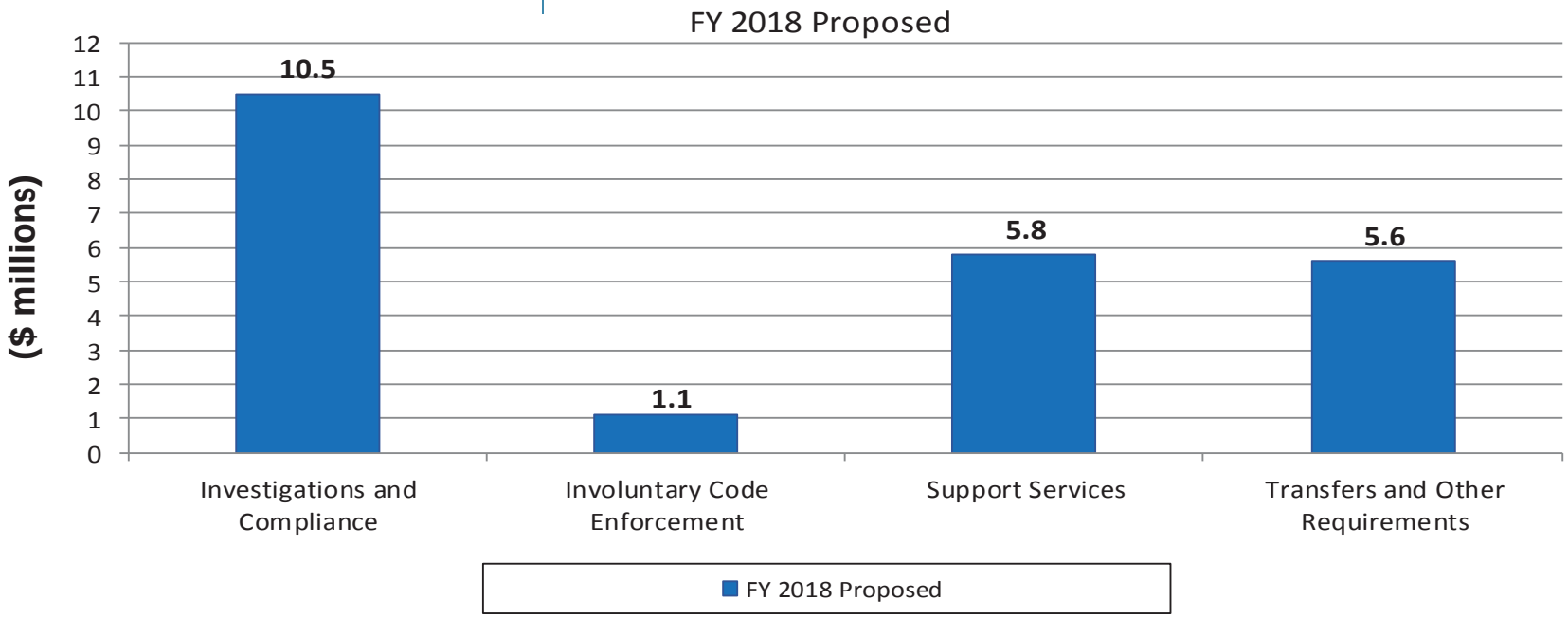
FY 17 Amended
$20.0 million

FY 18 Proposed
$23.0 million

Total Positions

FY 18 Positions:
146

27.00



Budget Highlights - *Changes from FY 2017*

Program Name	Description	# FTEs	Amount
Short-Term Rental *(STR)*	Improved response and enforcement of unregulated and non-compliant STRs.	7	$0.61 M
Repeat Offender Program *(ROP)*	Progressively enforce a growing number of substandard and potentially dangerous ROP properties.	4	$0.36 M
Rooming and Boarding Houses *(RBH)*	Improved response and enforcement of unregulated and non compliant RBHs.	1	$0.12 M
Extended Enforcement Hours	Expand capacity to respond to evening and weekend code violations.	8	$0.63 M

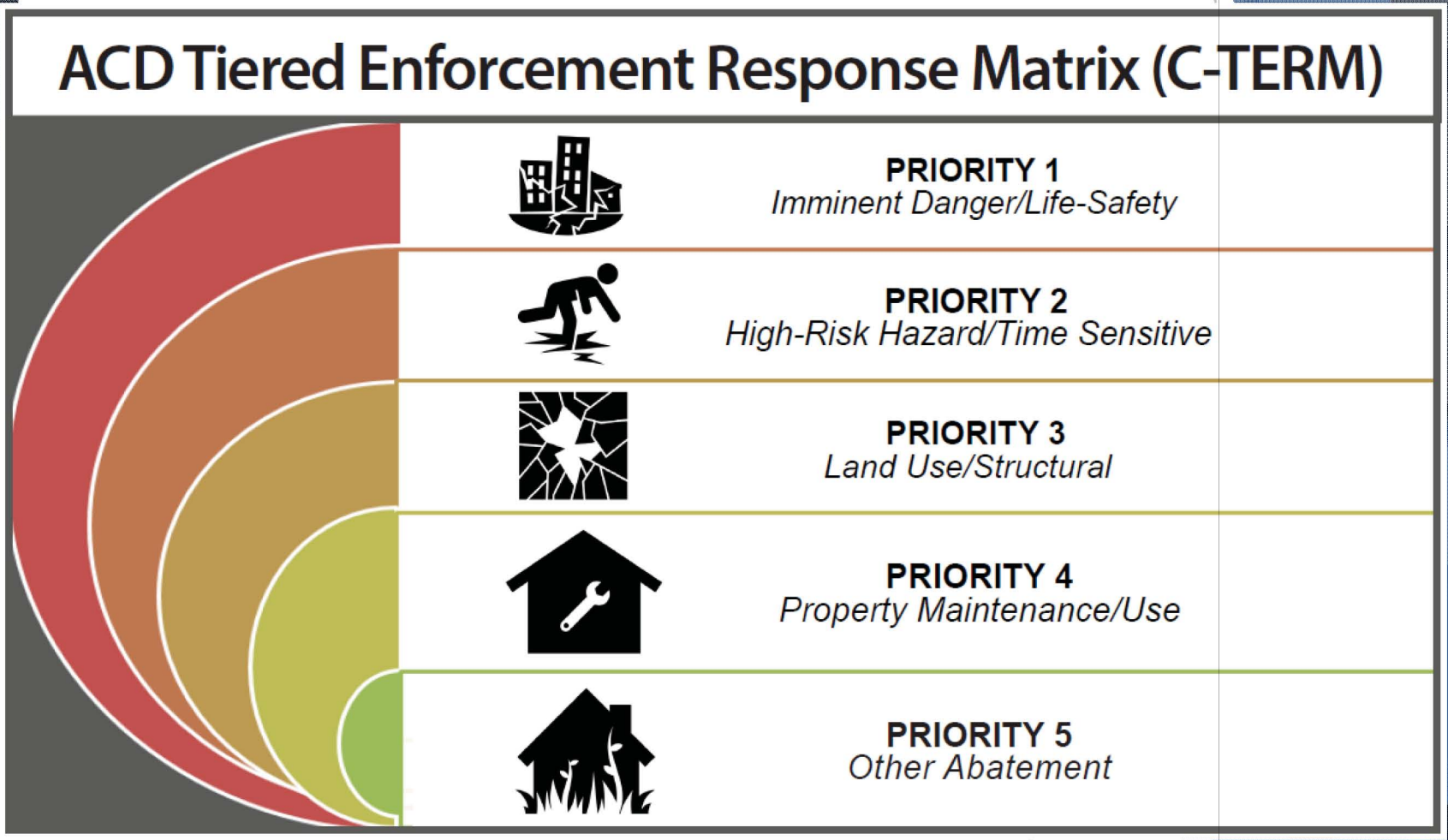
Budget Highlights - *Changes from FY 2017*

Program Name	Description	# FTEs	Amount
Enhanced Customer Service	Provide enhanced customer service through technical code guidance and related code information; maximize time for field inspectors.	4	$0.32 M
City-Owned Property	Add single point of contact focusing only on City of Austin owned properties.	1	$0.09 M
Support Services – Finance	Add professional accounting staff to maximize fiscal control and progressive collections of penalties and fines as a component of the enforcement process.	2	$0.19 M

Major Fee/Rate Description	FY 2017 Fee	FY 2018 Projected Fee	Monthly Change
Clean Community Fee – Residential/Commercial	$3.35	$4.25	$0.90

Prioritize Code Response

DRAFT



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AUSTINCODE DEPARTMENT

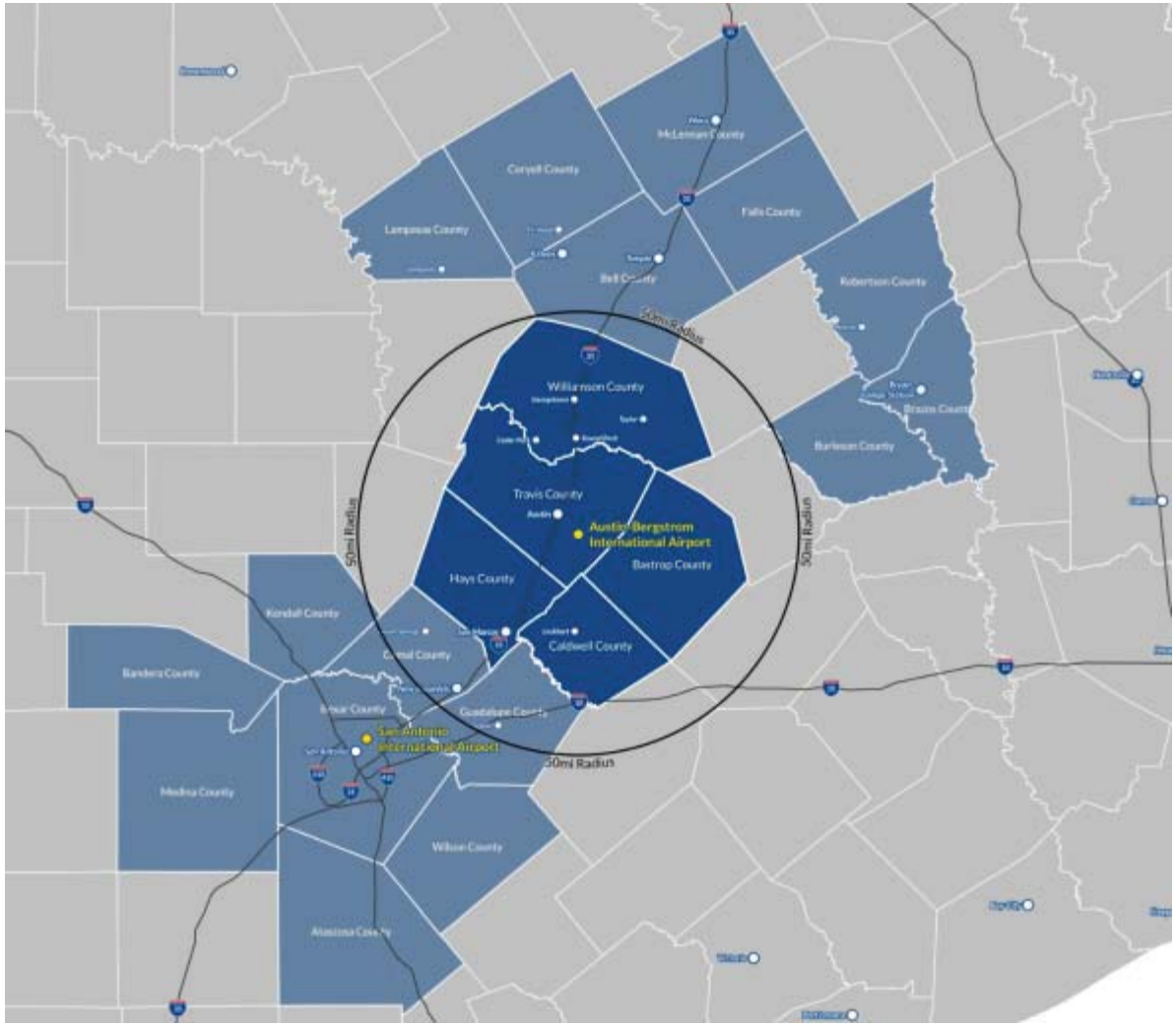
Aviation Department

FY 2018 Proposed Budget

August 9, 2017

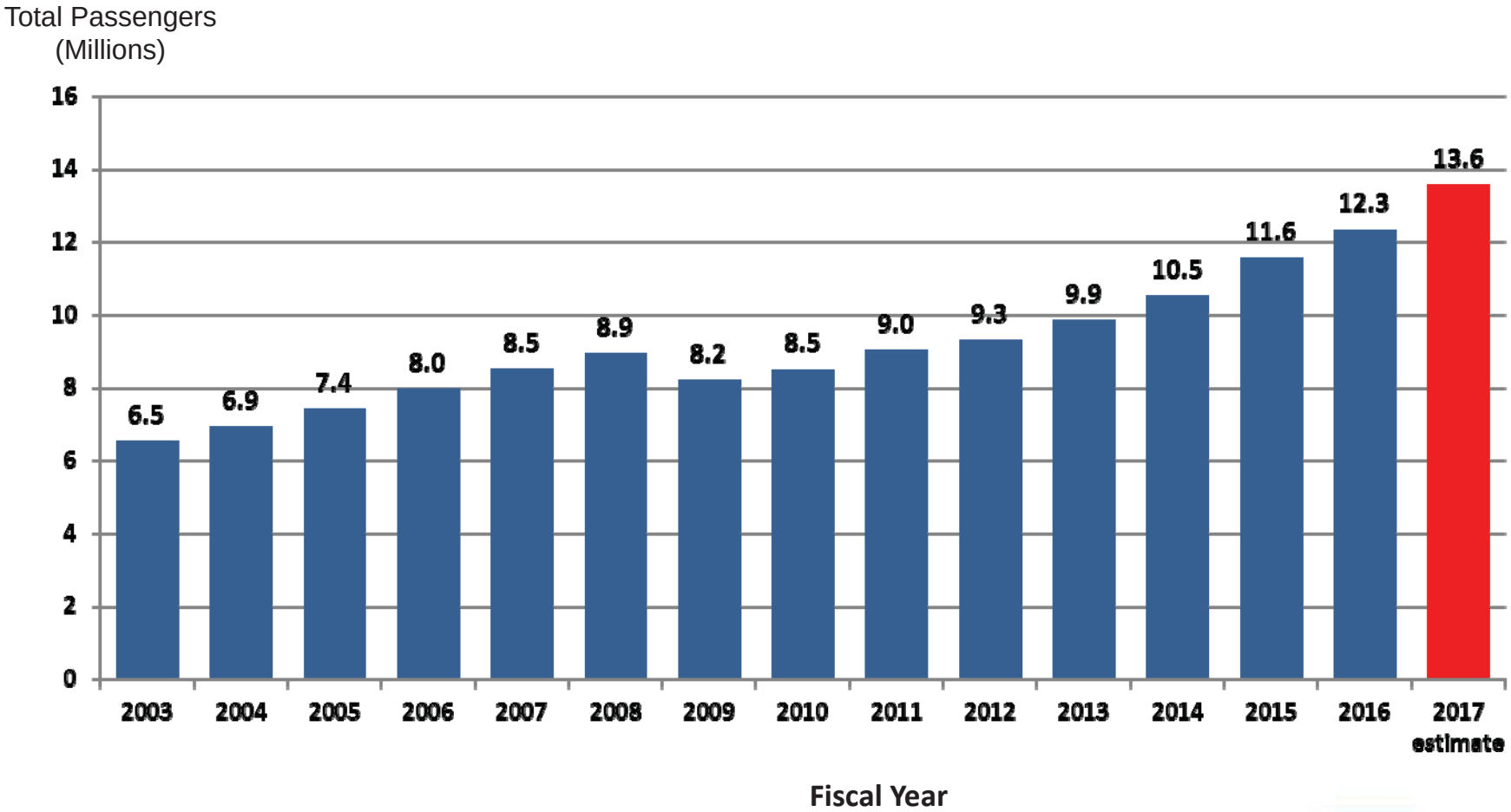
Austin-Bergstrom International Airport

ABIA Serves 21 Counties



Austin-Bergstrom International Airport

Austin Continues to Set Records



Austin-Bergstrom International Airport

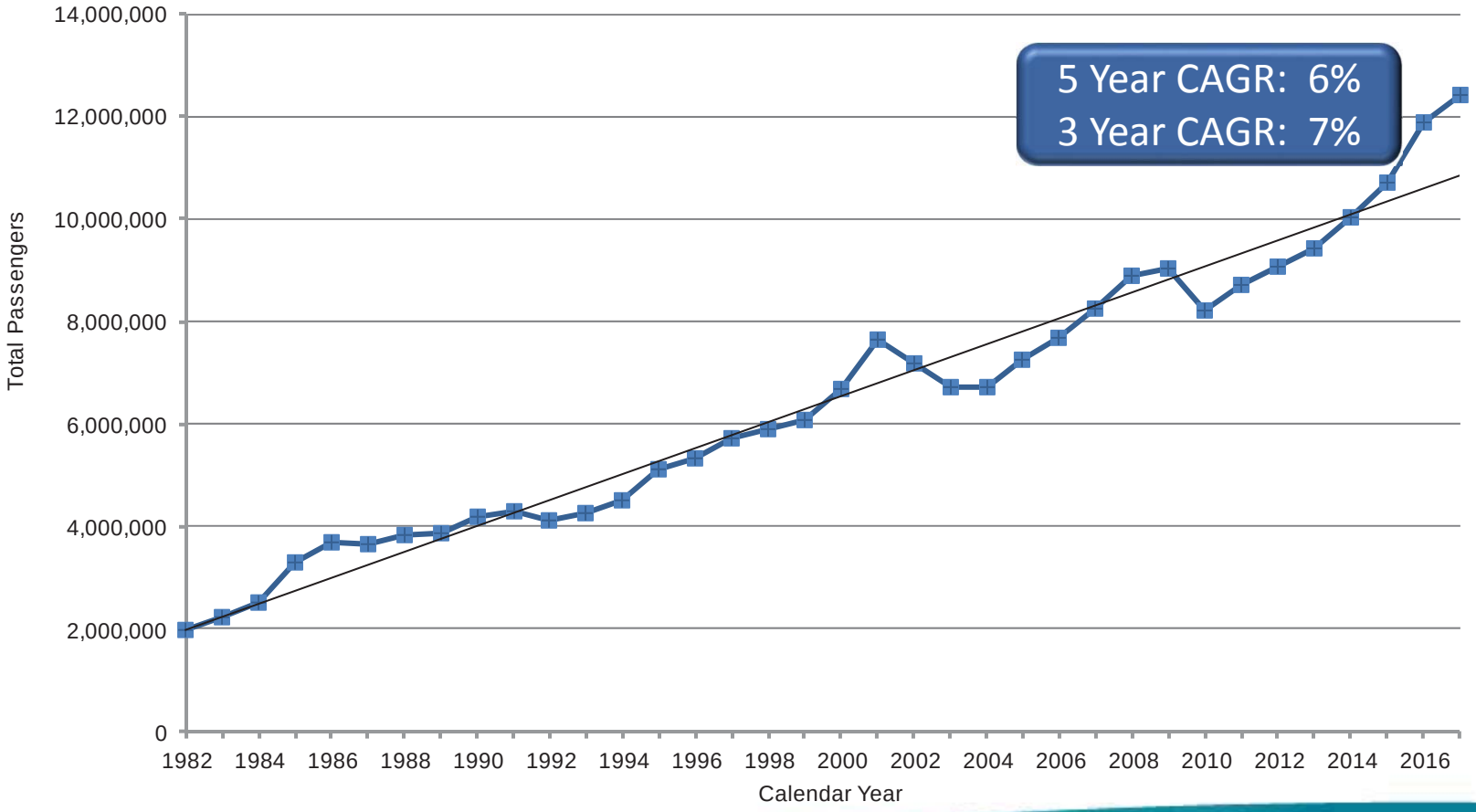
8 Carriers Have Started or Announced 18 New AUS Routes Just in the Past Few Months

Airline	Destination	Start Date	Frequency	Equipment
Frontier	Charlotte	Summer 2018	TBD	TBD
Frontier	Cincinnati	Summer 2018	TBD	TBD
Frontier	Columbus	Summer 2018	TBD	TBD
Frontier	New Orleans	Winter 2017	TBD	TBD
Frontier	Phoenix	Winter 2017	TBD	TBD
Frontier	Raleigh/Durham	Winter 2017	TBD	TBD
Frontier	Ontario, CA	Winter 2017	TBD	TBD
Frontier	San Jose, CA	Summer 2018	TBD	TBD
Norwegian	London (Gatwick)	March 2018	3x / week	B787-9
Vacation Express	Punta Cana	May 2018	1x / week	B737-400
Delta	Boston	September 2017	6x / week	A319
Alaska	San Diego	August 2017	Daily	E175
Alaska	San Jose, CA	August 2017	Daily	E175
Sun Country	Minneapolis-St. Paul	August 2017	1x / week	B737-800
Frontier	San Diego	April 2017	3x / week	A320
Frontier	Washington-Dulles	April 2017	4x / week	A320
Delta	Seattle	June 2017	Daily	A319
Southwest	Panama City, FL	June 2017	Saturday	B737-700
Southwest	Pensacola	June 2017	Saturday	B737-700
Allegiant	Destin, FL	May 2017	2x / week	A320

Source: Innovata schedules & carrier announcements

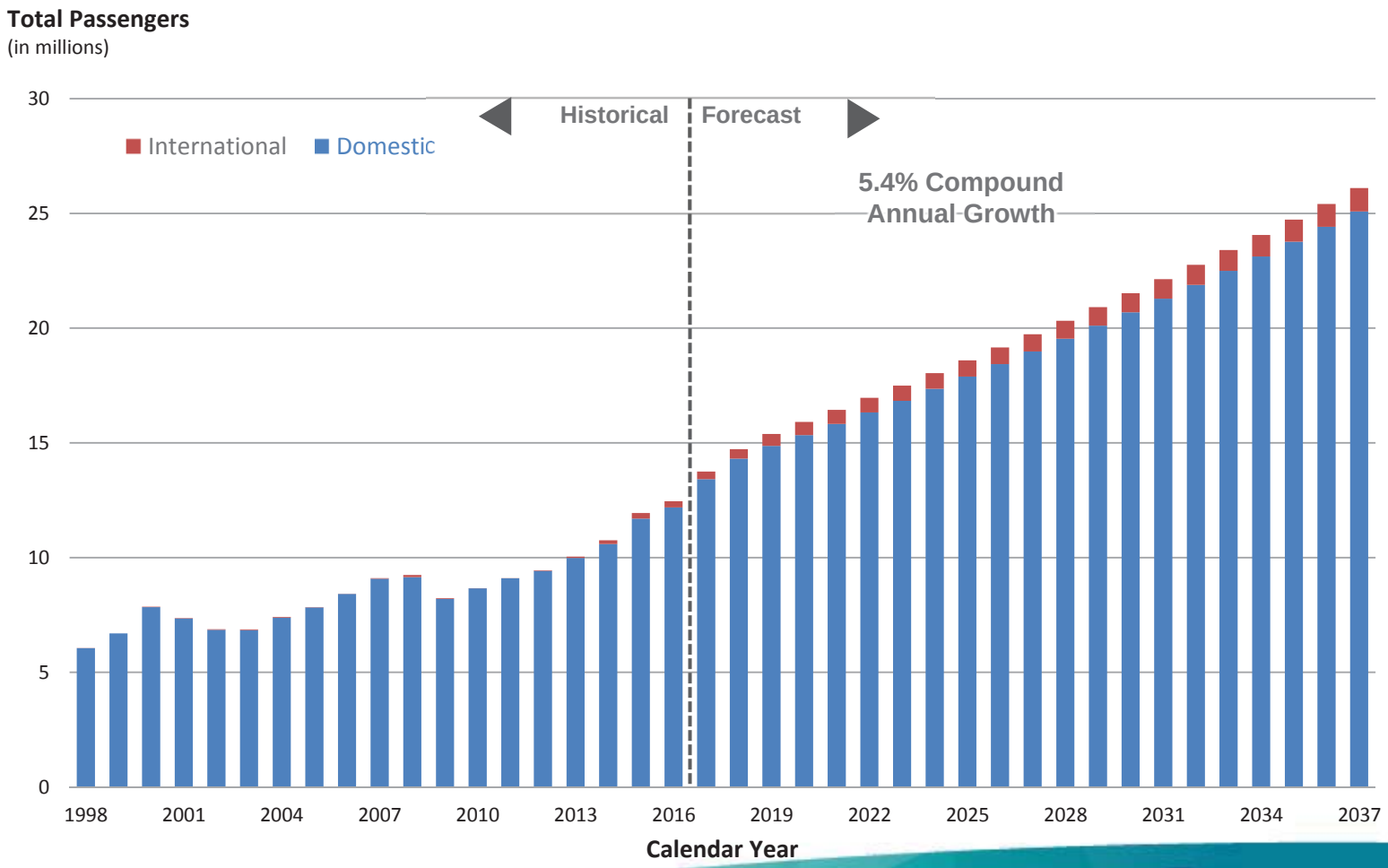
Austin-Bergstrom International Airport

35-Year Compound Annual Passenger Growth of 5.4%



Austin-Bergstrom International Airport

Austin Total Passengers
5.4% Compound Annual Growth Rate



Austin-Bergstrom International Airport

AUS: Clear choice of airport for Central Texas

	AUS	SAT	% difference
Total Passengers YE May 2017 (rolling 12 months)	12.9 million	8.8 million	47%
Number of Carriers	15	11	36%
Number of Weekly Seats	178,312	116,816	53%
Weekly Frequency	1,238	877	41%
Number of nonstop destinations	60	38	58%

Capacity & Construction Outlook

- Terminal originally designed for 11 million passengers per year; currently over 12 million
- Construction projects will increase terminal capacity to 15 million passengers per year
  - Terminal & Apron Expansion $378M
  - Parking Garage & Admin Building $250M
  - Consolidated Maintenance Facility $62M
  - Centralized Baggage Handling System $100M
- Airport Master Plan Update is also being undertaken
- Anticipated projects:
  - Terminal Expansion (Gates 33-45) $465M
  - West Infill $60M

5 Year Capital Improvement Program

Current Projects in Construction

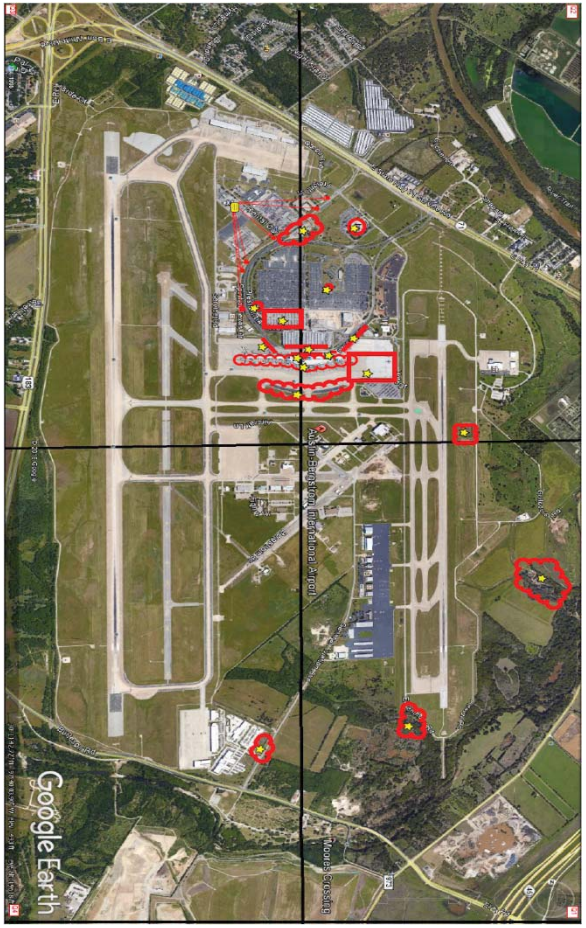
- Terminal and Apron Expansion
- Parking Garage (6,000 space) and Admin Building

Projects in Design

- Consolidated Maintenance Facility
- Centralized Baggage Handling System
- Information Systems Building Remodel and Expansion

Future Projects

- Terminal Expansion (Gates 33-45)
- West Infill



Austin-Bergstrom International Airport

Nine Gate Expansion

Austin-Bergstrom International Airport

Outdoor Deck of Nine Gate Expansion

Austin-Bergstrom International Airport

Nine Gate Expansion Construction

Deicing Ponds

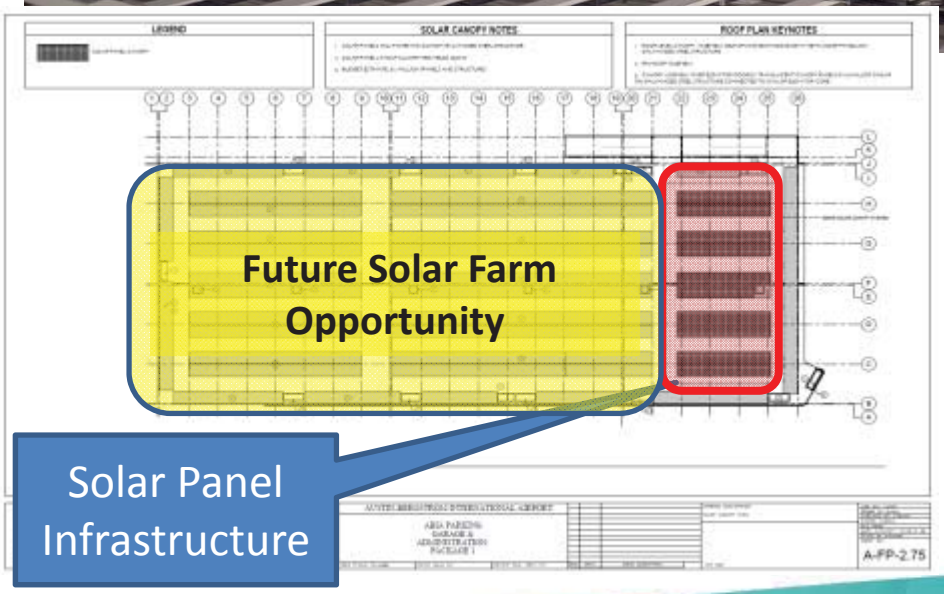
McNeil High School Engineering Student Tour

Austin-Bergstrom International Airport

Parking Garage and Admin Building

Austin-Bergstrom International Airport

ABIA Garage Solar Panels



Austin-Bergstrom International Airport

New Garage Construction

Austin-Bergstrom International Airport

Consolidated Maintenance Facility

Austin-Bergstrom International Airport

Public Private Partnerships

Park and Zoom

2,000 new covered parking spaces.
Trunk to Door Service.

Bark and Zoom

Provide pet boarding, offering travelers the convenience of dropping off their pets and parking their cars in one stop.

Austin-Bergstrom International Airport

South Terminal

South Terminal dedicated to the ultra low cost carrier business model

Austin-Bergstrom International Airport

ABIA Retail

- Includes retail center
- Gas station and new cell phone lot to support waiting customers, restaurants and a family kids play area
- Anticipated Completion – 2017
- Hyatt Place Hotel – 139 rooms (opened May 31, 2017)

AUS New General Aviation
Million Air 40 acre FBO

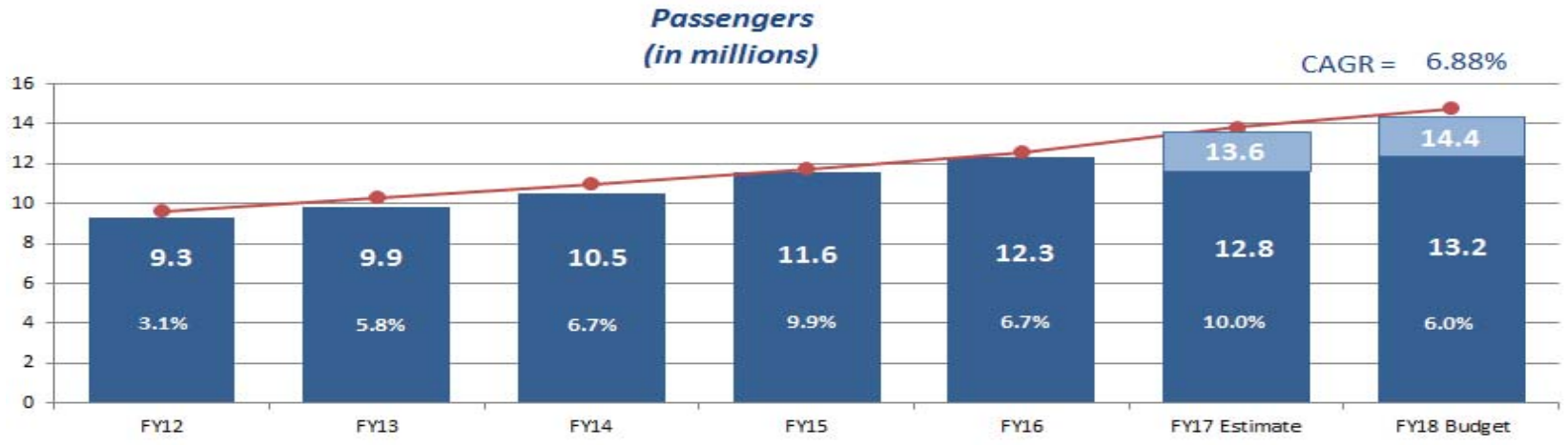
Austin-Bergstrom International Airport

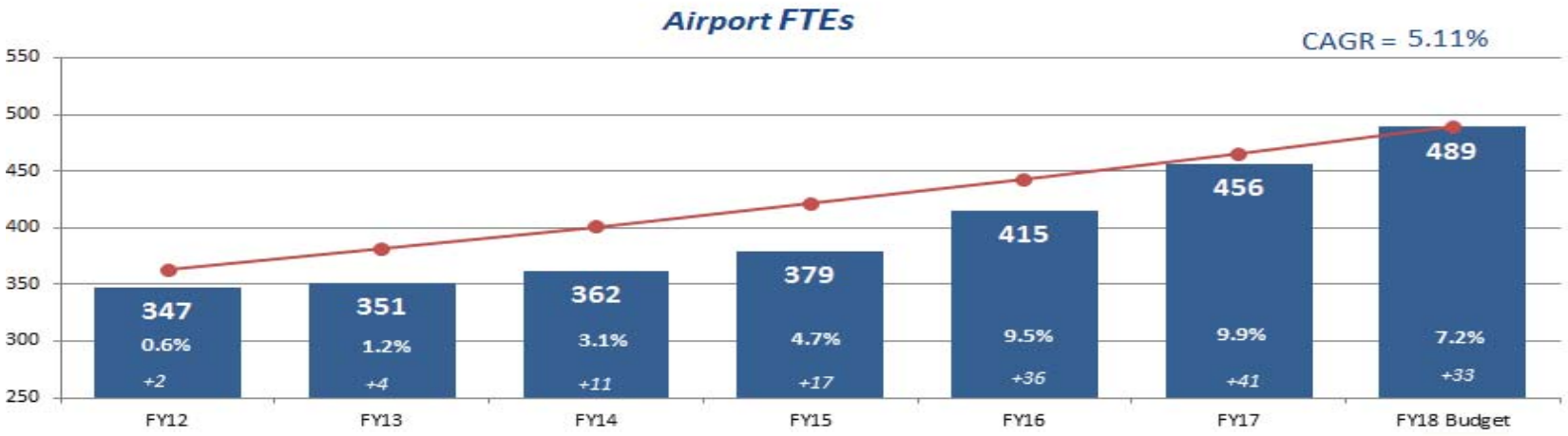
Future Concessions

Austin-Bergstrom International Airport

Passengers vs. FTEs

Compound Annual Growth Rate (CAGR)





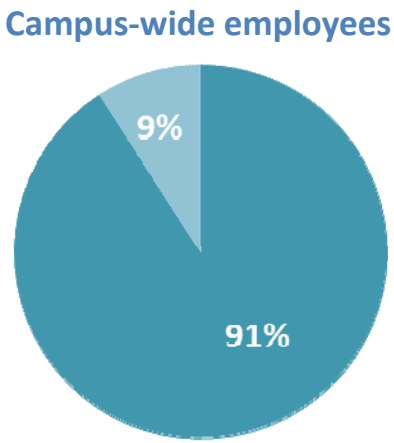
Austin-Bergstrom International Airport

FY2018 Requested FTEs

Employee headcount:	
Total employees working at Airport	5,000
Dept. of Aviation employees working at Airport	456

FY18 New FTE request:	
Facilities Management, Operations, Security	19
Support Services	11
Planning & Development	1
Business Services	2
Total	33

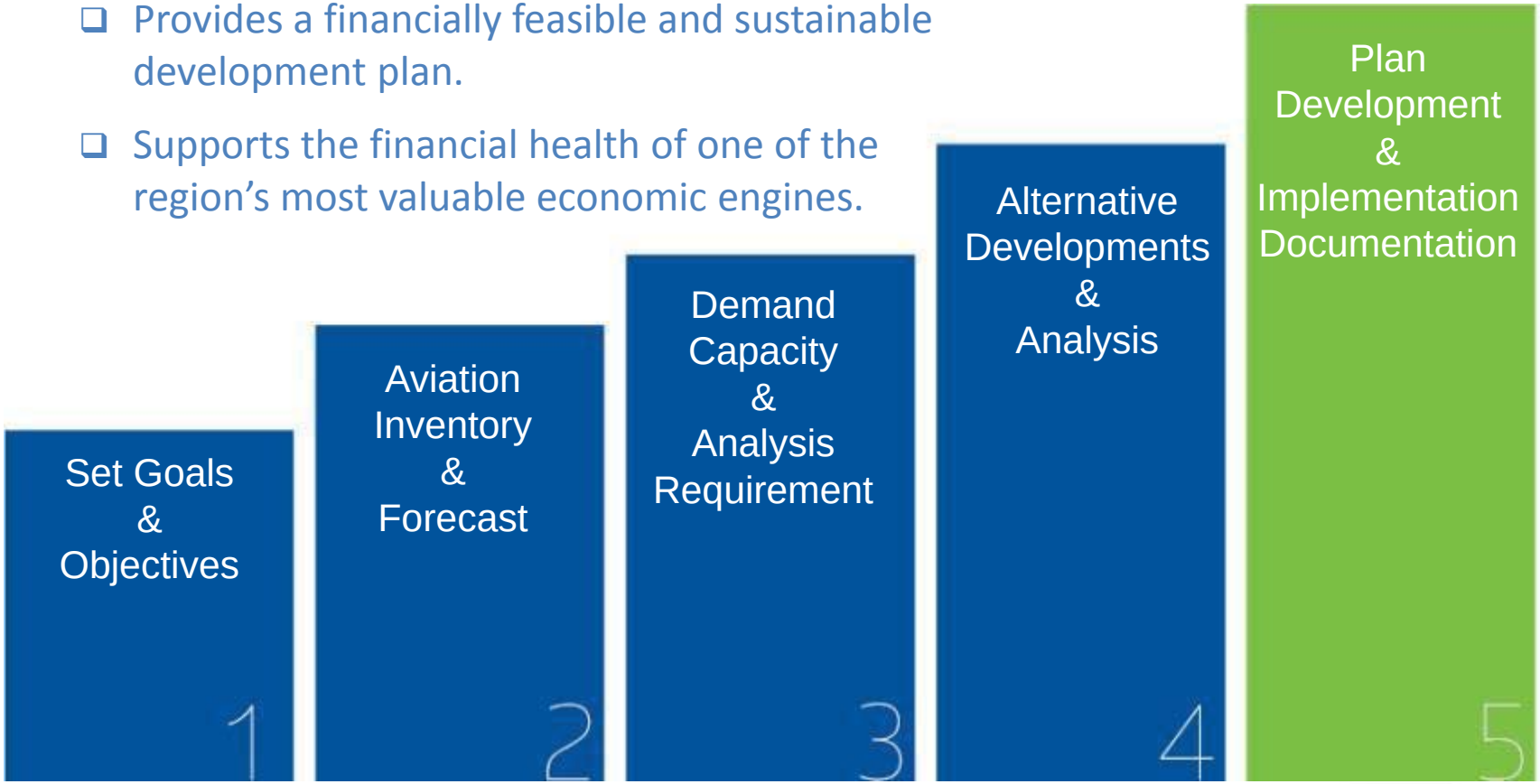
FY18 Proposed FTEs:	
Dept. of Aviation employees working at Airport	489



Austin-Bergstrom International Airport

ABIA 2040 Master Plan is a Strategic Roadmap

- Provides a financially feasible and sustainable development plan.
- Supports the financial health of one of the region's most valuable economic engines.



Austin-Bergstrom International Airport

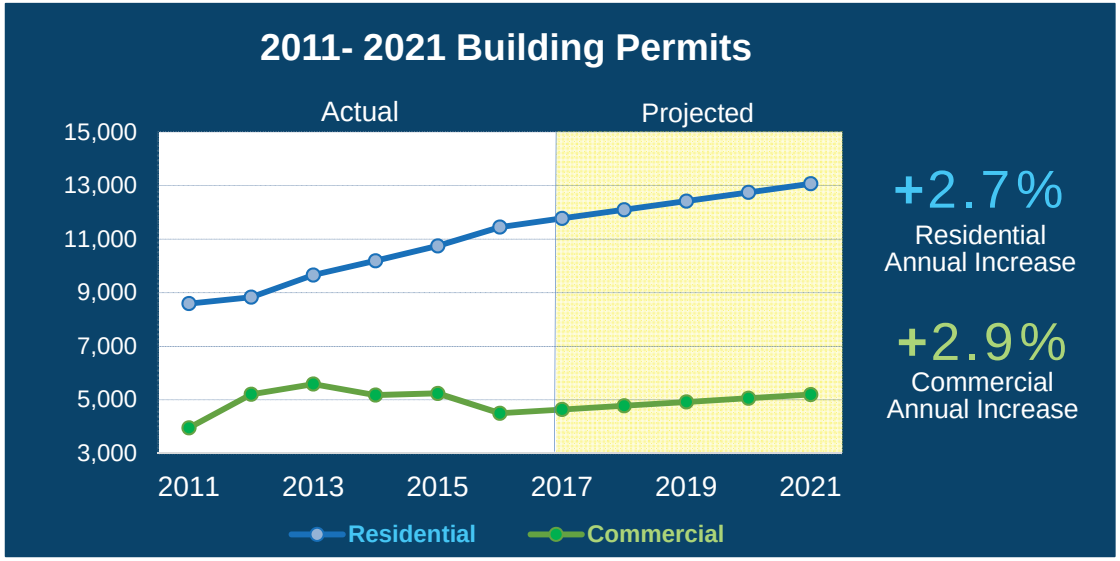
Challenges Ahead

- Growth
- Finance
- Competition
- Technology & Business Model Evolution
- Regulatory

FY2017-18 BUDGET BRIEF

1. Actual and Projected Demand
2. Significant Budget Changes
3. Resourcing Strategy
4. Office Space
5. Funding Model
6. Staying on Target

Actual and Projected Demand



Source: Capitol Market Research

Success Metrics *Performance Metrics Originated from 2015 Zucker Analysis*	**Goal**	**March 2015**	**June 2017**
Commercial Plan Reviews Completed on time in DSD	**90%**	**49%**	**75%**
Residential Plan Reviews Completed on time in DSD	**90%**	**50%**	**92% ***
Site & Subdivision Plan Reviews Completed on time in DSD	**90%**	**75%**	**71%**
Environmental Review Consultation Wait Time Queue	90% of customers seen within **19 minutes**	**12 minutes**	**24 minutes**
Zoning/Site Plan Consultation Wait Time Queue	90% of customers seen within **25 minutes**	**19 minutes**	**14 minutes**
Site & Subdivision Intake Wait Time for Appointment	**2 Days**	**7 Days**	**2 Days**
Incoming Calls Answered by Representatives	**75%**	**42%**	**75%**

* Residential Plan Review times were extended to match current resources.

CITY OF AUSTIN Development SERVICES DEPARTMENT

Significant Budget Changes

DEVELOPMENT SERVICES (IN MILLIONS)

Description	Amount *
FY 2017 Budget	***$37.5 M***
Transfer in of Watershed Protection Department environmental review and inspection services	$5.7 M
City Cost Drivers (wages, benefits, etc.)	$0.8 M
Staffing Enhancements and Related Office Space/Equipment	$7.3 M
One-Time Costs (vehicles, computers, furnishings)	$2.2 M
Annualization of FY 2017 Costs	$1.5 M
Other Departmental Cost Drivers	$3.4 M
FY 2018 Budget	**$58.4 M**
FY 2018 Revenue	**$53.2 M**
Net General Fund FY 2018 Cost	**$5.2 M ***

** $5.2 million net General Fund cost due primarily to non-recoverable expenses from fee waivers, telecom permitting, and the Urban Forestry Program*

CITY OF AUSTIN Development SERVICES DEPARTMENT

Resourcing Strategy

IMPROVED SERVICE DELIVERY

New Full Time Employees

51 New Full Time Positions

Phased hiring
January & March 2018

80%	Wait Time Reduction Quality Reviews
12%	Operational Support
8%	Technology Finance

Temporary Employees

$1.4 Million Increase
in Operational Temporary Funds

FY2018 Budget

$2,096,294

3rd Party Services

$250,000 Increase
in 3rd Party Services

FY2018 Budget

Reviews - $280,000
Inspections - $185,000

CITY OF AUSTIN Development SERVICES DEPARTMENT

Office Space

MULTIPLE SOLUTIONS

Current Office Space

- One Texas Center
- St. Elmo Field Office
- Kramer Field Office

Upcoming Solutions

- New Leased Space TBD
- Field Staff - Vehicle Office

Future Highland Mall Location

- Accommodate all DSD staff and co-locators handling development review functions.
- Enhanced customer center to improve service delivery.

Funding Model

$53.2 MILLION PROJECTED REVENUE

New Features

- Dynamic model managed by DSD
- Primary cost driver is the time required to provide services
- Flexible architecture for adjustments in any data set
- DSD fees replace legacy Drainage Utility transfer

Fee Structure

- Data elements cover 800+ fees
- Full cost of service by work unit, including FY2018 Proposed Budget
- Includes overhead

5 Year Demand Projections

Economic Forecast Indicators
Provided annually by Capitol Market Research

Staying On Target

6 GUIDING PRINCIPLES		SERVICE ENHANCEMENTS
1	**Reducing Wait Time**	• Additional staffing for Residential Review Intake & Site Plan Review • Continued expansion of remote check-in for services (Qless)
2	**Enhanced Customer Service**	• Access to 24/7 customer service through 311 partnership • Additional staffing for consulting services & volume builder program • Expanded utilization of third-party review/inspection services
3	**Enhanced Technology**	• Programming AMANDA for changes related to CodeNEXT • Live chat support for the AB+C online portal • Digital scanning of all paper records
4	**Investment in Employees**	• Support employee training and job-related certifications • Permanent staffing for employee safety training
5	**Coordinated Reviews with Partner Departments**	• Project Consultant System for Site Plan/Subdivision Reviews • Realignment of site plan plumbing review process
6	**Quality Reviews**	• Additional staffing to meet current inspection demands • Annual benchmark of customer satisfaction

Thank you!

Civilian Wages & Benefits

Human Resources Department

August 9, 2017

City of Austin, TX

Compensation Overview

- FY18 Recommendations
- Cost Projections
- Proposed Pay Practice Updates

Benefits Overview

- FY18 Recommendations
- 2016 Claims Cost
- Benchmark other cities
- Employee Rates
- Retiree Rates

Recommendations

- Living Wage (LW) increase from $13.50 to $14.00
  - Effective October for regular employees
    - Costs for regular employees $7K paid in October
- Across-the-board (ATB) increase of 2.5%
  - Paid December 2017

Proposed FY18 Total Rewards Budget

	All Funds	Enterprise	General Fund	Support Services
Compensation Recommendations				
Living Wage Increase (to $14.00)	< $0.1M	< $0.1M	< $0.1M	$0.0M
Across The Board 2.5% *	$14.3M	$9.1M	$3.6M	$1.6M
FY18 Total	**$14.3M**	**$9.1M**	**$3.6M**	**$1.6M**
Each 1% of Budget				
For Salary Increases	$7.2M	$4.6M	$1.8M	$0.8M
Increase to City Contributions for Benefits	$1.95M	$832,000	$950,000	$168,000

* 2.5% increase to employees, paid in December, is 2.0% of the FY18 salary budget.

Impact at Various Pay Rates

Current Salary	After LW ($14.00)	After ATB (2.5%)	Effective % Increase
Employee at the current Living Wage - $28,080 ($13.50/hr)			
$28,080	$29,120	$29,848	6.3%
Employees earning more than $29,120			
			2.5%

Salary Budget Benchmark

Entity	Proposed FY18 Increase
City of Austin	**2.5%**
Dallas	3.0%
El Paso	2.0%
Fort Worth	3.0%
Houston	1.7%
San Antonio	3.0%
Travis County	2.0%
AISD	1.5%

Implementation

- Living Wage increase for regular employees (from $13.50 to $14.00) effective first full pay period in October FY18 (paid Oct 20)
- Across-the-Board increase (2.5%) effective in November FY18 (paid Dec 15)

Pay Practices

- HRD will evaluate current pay practices
- Finalize recommendations in FY18
- Dependent on affordability, implement changes in FY19

Employee Benefits

- FY18 Recommendations
- 2016 Claims Cost
- Benchmark other cities
- Employee Rates
- Retiree Rates

FY 18 Benefits Recommendations

- No plan design changes
- Rates Increases
  - For employees covering dependents
    - 4.7% for PPO and HMO
    - 3.5% for CDHP
  - For Pre-65 retirees
    - 14.6% for PPO and HMO
    - 7.2% for CDHP
  - For Post-65 retirees
    - 2.4% for PPO, HMO and CDHP
    - Medicare pays first

2016 Medical & Pharmacy Claims Cost

	Medical & RX Claims	Avg # of Employees / Retirees	Annual Cost
Employee	$145.8M	12,133	$12,017
Pre-65 Retiree	$37.0M	2,277	$16,250
Post-65 Retiree	$20.5M	2,410	$8,506

Employee Benchmarking

	2018 Increases Employee/Employer	2018 Plan Changes
City of Austin	**4.7% - Both**	**None**
AISD	5-10% – Both	Changing open access to a three tier structure, carving out pharmacy
Dallas	No Increase	Implement Health Savings Account, Diabetes Management Program, reduced price for generic prescriptions
El Paso	5-10% – Employees 0-5% – Employer	Considering Out-of-Pocket Maximum and Office Visit Copay Increases. Phasing out Buy-Up Option.
ERS of Texas	No Increase	Virtual Visits covered at 100%, Non-network Freestanding Emergency Room copayment increase and coinsurance changes.
Forth Worth	5-10% – Employee Unsure – Employer	Employee clinics, direct contract with stand-alone ER, increase deductibles, copays and Out-of-Pocket Maximums, convert copays to coinsurance
Houston	14.9% – Employee 10.6% - Employer	Increase Out-of-Pocket Maximums for all plans except CDHP.
Travis	4.9% – Both	Increasing deductibles $500 to $600, Out-of-Pocket Maximums $5K to $6K, Office Visit copay $25to $30 and ER copay $200 to $300, adding RX annual deductible

Pre-65 Retiree 2017 Rate Benchmarking

	Retiree Only		Retiree & Family	
	Retiree Pays	Employer Pays	Retiree Pays	Employer Pays
City of Austin	**$166.17**	**$825.49**	**$760.04**	**$1,421.66**
Dallas	$534.00	Did Not Provide	$1,396.00	Did Not Provide
ERS of Texas	$0.00	$615.08	$590.48	$1,205.56
Fort Worth	$696.82	$0.00	$1,877.41	$0.00
Houston	$345.41	$367.05	$1,105.32	$713.98
Travis County	$270.00	$1,594.00	$1,096.00	$1,873.00

Post-65 Retiree 2017 Rate Benchmarking

	Retiree Only			Retiree & Family	
	Retiree Pays	Employer Pays		Retiree Pays	Employer Pays
City of Austin	**$101.11**	**$414.81**		**$652.21**	**$928.90**
Dallas*	$200.00	Did Not Provide		Not Available	
ERS of Texas*	$0.00	$615.08		$314.16	$1,205.56
Fort Worth*	$309.99	$0.00		$929.97	$0.00
Houston	$800.84	$726.54		$2,202.12	$1,585.26
Travis County	$83.00	$465.00		$414.00	$520.00

*Medicare Advantage

Employee Rates - Overview and Premiums

- 2017 Tiered Network has helped medical increase to be at low end of benchmark cities.
- 51% of employees enrolled as Employee Only and 21% enrolled in Employee + Family
- As of 2017, 12,384 employees enrolled and 14,193 dependents covered in PPO, HMO and CDHP
- PPO and HMO Employee + Family increase of $28.81 per month represents 1.2% of annual pay for $14.00 hour employee
- CDHP Employee + Family increase of $14.28 per month represents 0.6% of annual pay for $14.00 hour employee

Employee Monthly Premiums (PPO)	2017 Premium	2018 Premium	2018 $ Increase	2018 % Increase
Employee Only	$10	$10	$0	0%
Employee + Spouse	$365.08	$382.24	$17.16	4.7%
Employee + Children	$268.95	$281.59	$12.64	4.7%
Employee + Family	$612.92	$641.73	$28.81	4.7%

Pre-65 Retiree Rates - Overview and Premiums

- Pre-65 most costly group - $16,250 annual cost in 2016
- 56.1% enrolled as Retiree Only and 11.8% enrolled in Retiree + Family
- 2,418 retirees enrolled covering 1,712 dependents
- Inpatient admission increased from $24,622 to $42,822 or 73.9%
- Net Claims up $2.8M
- CDHP Retiree + Family monthly premium is $676.33 – a savings of $2,337 annually + $1,000 available in HRA

Retiree Monthly Premiums (PPO)	2017 Premium	2018 Premium	2018 $ Increase	2018 % Increase
Retiree Only Pre-65	$166.17	$190.43	$24.26	14.6%
Retiree + Spouse	$561.68	$643.69	$82.01	14.6%
Retiree + Children	$364.53	$417.75	$53.22	14.6%
Retiree + Family Pre-65	$760.04	$871.05	$111.01	14.6%

Post-65 Retiree Rates - Overview and Premiums

- Post-65 least costly group - $8,506 annual cost in 2016
- 68.8% enrolled as Retiree Only and 2.2% enrolled in Retiree + Family
- 2,438 retirees enrolled covering 853 dependents
- City pays secondary – Medicare is primary
- Net Claims up $800K
- CDHP Retiree + Family monthly premium is $550.09 – a savings of $1,402 annually + $1,000 available in HRA

Retiree Monthly Premiums (PPO)	2017 Premium	2018 Premium	2018 $ Increase	2018 % Increase
Retiree Only Post-65	$101.11	$103.51	$2.40	2.4%
Retiree + Spouse	$454.12	$464.66	$10.54	2.4%
Retiree + Children	$299.20	$305.74	$6.54	2.4%
Retiree + Family Post-65	$652.21	$666.90	$14.69	2.4%

% of Medical Premium City Pays for 2018

Employee	PPO	HMO	CDHP
Employee Only	99%	98%	100%
Dependents	55%	64%	62%

Retirees with 20 years of service

Pre - 65	PPO	HMO	CDHP
Retiree Only	83%	85%	80%
Dependents	50%	58%	50%

Post - 65	PPO	HMO	CDHP
Retiree Only	80%	84%	80%
Dependents	50%	58%	50%

Questions/Comments/Discussion

For more information, contact:

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