

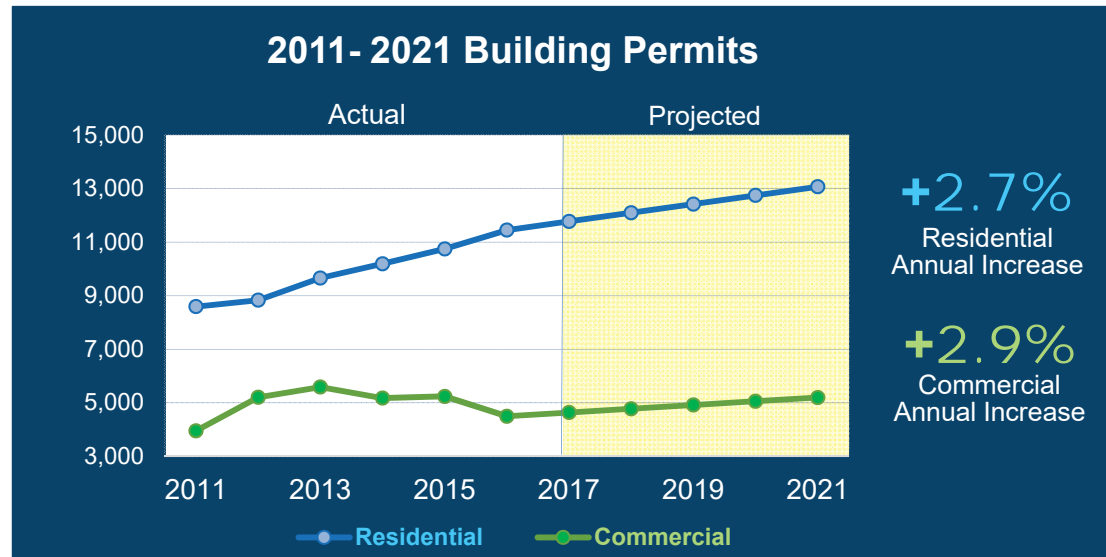
# FY2017-18 BUDGET BRIEF



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

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



# Significant Budget Changes

DEVELOPMENT SERVICES (IN MILLIONS)

Description	Amount *
<b>FY 2017 Budget</b>	<b>\$37.5 M</b>
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
<b>FY 2018 Budget</b>	<b>\$58.4 M</b>
<b>FY 2018 Revenue</b>	<b>\$53.2 M</b>
<b>Net General Fund FY 2018 Cost</b>	<b>\$5.2 M *</b>

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



# 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

## 3<sup>rd</sup> Party Services

**\$250,000 Increase**  
in 3<sup>rd</sup> Party Services

**FY2018 Budget**

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



# 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
- Revenue forecast includes proposal to eliminate the Smart Growth Fee Waiver

## 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	<ul style="list-style-type: none"><li>• Additional staffing for Residential Review Intake &amp; Site Plan Review</li><li>• Continued expansion of remote check-in for services (Qless)</li></ul>
2	Enhanced Customer Service	<ul style="list-style-type: none"><li>• Access to 24/7 customer service through 311 partnership</li><li>• Additional staffing for consulting services &amp; volume builder program</li><li>• Expanded utilization of third-party review/inspection services</li></ul>
3	Enhanced Technology	<ul style="list-style-type: none"><li>• Programming AMANDA for changes related to CodeNEXT</li><li>• Live chat support for the AB+C online portal</li><li>• Digital scanning of all paper records</li></ul>
4	Investment in Employees	<ul style="list-style-type: none"><li>• Support employee training and job-related certifications</li><li>• Permanent staffing for employee safety training</li></ul>
5	Coordinated Reviews with Partner Departments	<ul style="list-style-type: none"><li>• Project Consultant System for Site Plan/Subdivision Reviews</li><li>• Realignment of site plan plumbing review process</li></ul>
6	Quality Reviews	<ul style="list-style-type: none"><li>• Additional staffing to meet current inspection demands</li><li>• Annual benchmark of customer satisfaction</li></ul>

# 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
<b>Compensation Recommendations</b>				
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
<b>FY18 Total</b>	<b>\$14.3M</b>	<b>\$9.1M</b>	<b>\$3.6M</b>	<b>\$1.6M</b>
<b>Each 1% of Budget</b>				
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
<b>City of Austin</b>	<b>2.5%</b>
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
AISSD	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
<b>City of Austin</b>	<b>\$166.17</b>	<b>\$825.49</b>		<b>\$760.04</b>	<b>\$1,421.66</b>
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
<b>City of Austin</b>	<b>\$101.11</b>	<b>\$414.81</b>		<b>\$652.21</b>	<b>\$928.90</b>
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

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