

AMENDED AGENDA

CITY OF POCA TELLO
CITY COUNCIL BUDGET DEVELOPMENT
MEETING

March 7, 2019 · 1:00 PM
Council Chambers | 911 North 7th Avenue

City Hall and the Paradise Conference room are accessible to persons with disabilities. Program access can be provided upon three (3) days' notice by contacting Skyler Beebe at 208-234-6248 or 5815 South 5th Avenue, Pocatello.

1. ROLL CALL

2. FISCAL YEAR 2020 BUDGET DEVELOPMENT ITEMS

Joyce Stroschein, Chief Financial Officer, and Heather Buchanan, Human Resources Director, will give a presentation/breakdown of Fiscal Year 2020 budget items and ask Council for direction related to the following:
(ACTION ITEM)

- Reserve review
- Property tax
- One-time Capital Contingency monies
- New personnel requests
- Compensation – Decisions affecting salary projections
- Market adjustment to general employee table
- Blue Cross rates
- Cap on vacation payout
- Sick leave payout upon retirement directed to VEBA

Documents:

[**AGENDA-ITEM-2.PDF**](#)

3. ADJOURN

City of Pocatello

FY2020 Budget Guidance 3/7/2019

Human Resources



Agenda Employee Benefits and Pay

- Employee Benefits – Blue Cross Medical FY2020
- Employee Benefits – 4 items up for consideration
- Employee Benefits – revisiting the grant of HRA VEBA to employees on other qualified group health plans
- Step Increase Cost
- Hybrid Pay Grade Table Adjustment
- Part Time / Seasonal Pay Grade Table Adjustment
- FY2020 New Position Requests

Employee Health Benefit Update – Blue Cross Medical Rates for FY2020

		FY2019 Total Monthly Premium	FY2019 City Monthly	FY2019 Employee Monthly	FY2020 Total Monthly Premium	FY2020 City Monthly	FY2020 Employee Monthly
Employee	158	\$613.12	\$582.46	\$30.66	\$655.50	\$622.73	\$32.78
Employee & Spouse	85	\$1,281.41	\$1,153.27	\$128.14	\$1,369.98	\$1,232.98	\$137.00
Employee +1 Child	37	\$1,072.95	\$965.65	\$107.30	\$1,147.11	\$1,032.40	\$114.71
Employee +2+ Children	20	\$1,532.78	\$1,302.86	\$229.92	\$1,638.72	\$1,392.91	\$245.81
Family	157	\$1,814.83	\$1,542.61	\$272.22	\$1,940.27	\$1,649.23	\$291.04
Monthly Total	457	\$561,075.87	\$494,032.65	\$67,043.22	\$ 599,857.16	\$528,180.05	\$71,677.11
Annual Total		\$6,732,910.44	\$5,928,391.80	\$804,518.64	\$7,198,285.92	\$6,338,160.65	\$860,125.27

Employee Health Benefit Update – Blue Cross Medical Rates for FY2020

		FY2020	FY2020 City Monthly	FY2020 City Monthly Increase	FY2020 Employee Monthly	FY2020 Employee Monthly Increase
Employee	158	\$655.50	\$622.73	\$40.27	\$32.78	\$2.12
Employee & Spouse	85	\$1,369.98	\$1,232.98	\$79.71	\$137.00	\$8.86
Employee +1 Child	37	\$1,147.11	\$1,032.40	\$66.75	\$114.71	\$7.41
Employee +2+ Children	20	\$1,638.72	\$1,392.91	\$90.05	\$245.81	\$15.89
Family	157	\$1,940.27	\$1,649.23	\$106.62	\$291.04	\$18.82
Monthly Total	457	\$ 599,857.16	\$528,180.05		\$71,677.11	
Difference		\$ 38,781.29	\$34,147.40		\$4,633.89	
Annual Total		\$ 7,198,285.92	\$6,338,160.65		\$860,125.27	
Annual Increase		\$ 465,375.48	\$409,768.85		\$55,606.63	

Employee Health Benefit Update – Blue Cross options that need addressed

FY2019

- Health Coaching: included 1st year
- Wellness Program: included 1st year

FY2020 costs

Wellness Program: \$4.50 PEPM

$$457 \times \$4.50 = \$2,056.50$$

$$\$2,056.50 \times 12 = \underline{\underline{\$24,678.00}}$$

HR recommendation: discontinuing this program

FY2020 costs continued

- Health Coaching
 - NOT CASE MANAGEMENT:
 - Option 1: Employee and Spouse
 - \$0.76 PE/SPM
 - $457 \times \$0.76 = \347.32
 - $\$342.75 \times 12 = \underline{\underline{\$4,134.84}}$
 - HR recommendation: Continue option for FY2020 and then revisit in FY2021
 - Option 2: Employee only
 - \$0.51 PEPM
 - $457 \times \$0.51 = \233.07
 - $\$342.75 \times 12 = \underline{\underline{\$2,796.84}}$

Employee Health Benefit Update

3.7.19 items on City Council Meeting Agenda

1. Move Retirees to a plan on their own experience effective FY2020
2. Make Case / Disease Management Mandatory effective FY2020
3. Cap Vacation payout at 400 Hours effective 9/01/2019
4. Pay out retirees Sick Leave to HRA VEBA effective 9/01/2019

Item 1: Retirees health insurance pool

Proposed effective date: 10/01/2019 (FY2020)

- Financial reporting impact (OPEB)
- This would more than likely double rates for retirees as they will move from a large group plan to a small group plan and the experience in this group is running high
- Retired employees are not limited to City plan and can shop on the open market for better rates

Item 2: Case Management tied to HRA VEBA

Proposed effective date: 10/01/2019 (FY2020)

- Employees who refuse Blue Cross case management will not be eligible for VEBA in the year of their referral and the employee would remain ineligible for VEBA as long as they decline case management (prorated if they join after declining)
- Case management is not going to apply to every employees, it usually between 5% to 15% (think 70 people or less) of our employees would be referred into the Blue Cross program
- In most cases case management would last for 3 to 4 months
- There is no cost to the employee
- Case management would not delay employees medical treatment
- HR would not know what employees are in case management, HR would only be alerted when an employee declines

Item 3: Vacation payouts capped at 400 hours

Proposed effective date: 9/01/2019

- Vacation time is a benefit, while not considered a medical benefit, it is a benefit cost that needs to be considered
- Additionally vacation time is given by the City of Pocatello for the purpose of rest, relaxation, and attending to personal affairs. Time away from work is important to the overall health of an employee.
- Finance would need to adjust the projection file with approval on this item

Item 4: Pay out retiring employees sick leave into HRA VEBA

Proposed effective date: 9/01/2019

This seems to be causing the most issue among employees. Employees have expressed they want the flexibility of where this money goes.

- We have answered a lot of questions on what VEBA can be used for: Medical (Includes marketplace exchange premiums that are not or will not be subsidized by the Premium Tax Credit), Dental, Vision, Long-term care (tax-qualified; subject to IRS limits), Medicare Part B, Medicare Part D, and Medicare supplement plans. Any eligible expense under IRS code 213(d).
- There has also been a lot of confusion on how VEBA and Medicare work together. You only have to limit your HRA VEBA to dental and vision if you ARE WORKING and on Medicare. Once you are retired there is no coordination of HRA VEBA usage that needs to happen as long as Medicare is primary.
- Finance would need to adjust the projection file with approval on this item

Employee Health Benefit Update

3.7.19 items on City Council Meeting Agenda

- These 4 items have been reviewed by Legal and will be listed as one item with four policies/parts on the City Council agenda.
- How City Council votes on the four items will be based on what motion is made
- On Friday, March 8, 2019 HR will send out a communication letting employees know what has been decided

Revisiting FY2019 change: granting HRA VEBA money to employees on other qualified health plan

- HR recommends continuing this practice.
- FY2018 City Paid Insurance & VEBA in : \$85,996.64
- FY19 City Paid VEBA in : \$20,000
- FY19 Savings: \$65,996.64
- Employees on Spouses City coverage: 8

	FY2018 Insurance	FY2018 Medical Premium	FY2018 VEBA	FY 2019 VEBA	SAVINGS Decrease / Increase
Employee 1	Employee & Children	\$13,962.96	\$2,000.00	\$2,000.00	\$13,962.96
Employee 2	Employee & Family	\$16,532.28	\$2,000.00	\$2,000.00	\$16,532.28
Employee 3	Employee & Family	\$16,532.28	\$2,000.00	\$2,000.00	\$16,532.28
Employee 4	Employee Only	\$6,242.28	\$2,000.00	\$2,000.00	\$6,242.28
Employee 5	Employee Only	\$6,242.28	\$2,000.00	\$2,000.00	\$6,242.28
Employee 6	Employee Only	\$6,242.28	\$2,000.00	\$2,000.00	\$6,242.28
Employee 7	Employee Only	\$6,242.28	\$2,000.00	\$2,000.00	\$6,242.28
Employee 8	Not on City insurance	\$0.00	\$0.00	\$2,000.00	(\$2,000.00)
Employee 9	Not on City insurance	\$0.00	\$0.00	\$2,000.00	(\$2,000.00)
Employee 10	Not on City insurance	\$0.00	\$0.00	\$2,000.00	(\$2,000.00)
		\$71,996.64	\$14,000.00	\$20,000.00	\$65,996.64

Revisiting FY2019 change: granting HRA VEBA money to employees on other qualified health plan

Other Qualified Group Medical Plan

- Full Time: \$1300 (26 x \$50) and \$700 Wellness
- Half Time: \$650 (26 x \$25) and \$700 Wellness

On City Medical:

- Full Time: \$1300 (26 x \$50) and \$700 Wellness
- Half Time: \$1300 (26 x \$50) and \$700 Wellness

Addressing Employee Pay in FY2020



Hybrid Pay Grade Table Market Adjustment

Hybrid History

Consumer Price Index

- 10/2018 (FY2019) – 2.5%
- 10/2017 (FY2018) – 2.0%
- 10/2016 (FY2017) – 1.6%
- 10/2015 (FY2016) – 0.2%
- 10/2014 (FY2015) – 1.7%

- BDPA Built in 2014
- Adjusted 1.9% for implementation in FY2017
- At the start of FY2019 - 353 employees were on the Hybrid plan
- 63 are over market (step 6+)
- 290 under market (1-5)

Hybrid Pay - Cost of Step Increase

1 Step Increase		2 Step Increase	
General Fund	\$ 252,680.48	General Fund	\$ 437,243.30
Other Tax Funds	\$ 120,536.78	Other Tax Funds	\$ 236,077.14
Grant Funds	\$ 33,109.44	Grant Funds	\$ 62,615.02
Enterprise Funds	\$ 153,554.44	Enterprise Funds	\$ 281,513.96
Internal Service Funds	\$ 65,495.30	Internal Service Funds	\$ 128,018.54
Total Benefit Increase	\$ 625,376.44	Total Benefit Increase	\$ 1,145,467.96

Hybrid Pay Grade Table Market Adjustment Proposal Options

- Option 1: 2.5%
- Option 2: 4.5%
- Option 3: 6.1%

Consumer Price Index

- 10/2018 (FY2019) – 2.5%
- 10/2017 (FY2018) – 2.0%
- 10/2016 (FY2017) – 1.6%
- 10/2015 (FY2016) – 0.2%
- 10/2014 (FY2015) – 1.7%

Hybrid Pay Grade Table Market Adjustment Option 1

2.5% increase (Oct 2018 CPI)

2.5% Increase and 1 Step					
	1 Step Increase		2.5% Increase to Payscale		Total Increase
	\$ 252,680.48		\$ 188,706.44		\$ 441,386.92
Other Tax Funds	\$ 120,536.78		\$ 109,120.18		\$ 229,656.96
Grant Funds	\$ 33,109.44		\$ 33,551.70		\$ 66,661.14
Enterprise Funds	\$ 153,554.44		\$ 153,544.56		\$ 307,099.00
Internal Service Funds	\$ 65,495.30		\$ 57,987.28		\$ 123,482.58
	\$ 625,376.44		\$ 542,910.16		\$ 1,168,286.60

Hybrid Pay Grade Table Market Adjustment Option 2

4.5% increase (Oct 2017 and Oct 2018 CPI)

4.5% Increase and 1 Step			
	1 Step Increase	4.5% Increase to Payscale	Total Increase
General Fund	\$ 252,680.48	\$ 339,614.86	\$ 592,295.34
Other Tax Funds	\$ 120,536.78	\$ 196,359.02	\$ 316,895.80
Grant Funds	\$ 33,109.44	\$ 60,376.42	\$ 93,485.86
Enterprise Funds	\$ 153,554.44	\$ 276,296.28	\$ 429,850.72
Internal Service Funds	\$ 65,495.30	\$ 104,349.96	\$ 169,845.26
	\$ 625,376.44	\$ 976,996.54	\$ 1,602,372.98

Hybrid Pay Grade Table Market Adjustment Option 3

6.1% increase (Oct 2016, Oct 2017, and Oct 2018 CPI)

6.1% Increase and 1 Step			
	1 Step Increase	6.1% Increase to Payscale	Total Increase
General Fund	\$ 252,680.48	\$ 460,337.54	\$ 713,018.02
Other Tax Funds	\$ 120,536.78	\$ 266,183.84	\$ 386,720.62
Grant Funds	\$ 33,109.44	\$ 81,841.76	\$ 114,951.20
Enterprise Funds	\$ 153,554.44	\$ 374,522.46	\$ 528,076.90
Internal Service Funds	\$ 65,495.30	\$ 141,433.24	\$ 206,928.54
	\$ 625,376.44	\$ 1,324,318.84	\$ 1,949,695.28

Part Time/Season Pay Grade Table Adjustment

- 2.5% increase
 - Increase in FY2019 of 1.5%

2.5% Increase to Variable	
General Fund	\$ 12,854.14
Other Tax Funds	\$ 19,204.90
Grant Funds	\$ 18,359.12
Enterprise Funds	\$ 7,483.32
Internal Service Funds	\$ 435.24
Total Variable Increase	\$ 58,336.72

Increased Costs Notes

- Medical Benefits listed is for
 - general employees
 - police civilians
 - sworn officers
- Listed PERSI increase is for all departments
 - fire, general, police

Benefit Increase	
General Fund	\$ 204,102.84
Other Tax Funds	\$ 68,474.28
Grant Funds	\$ 23,654.76
Enterprise Funds	\$ 96,662.40
Internal Service Funds	\$ 35,731.44
Total Benefit Increase	\$ 428,625.72
PERSI Increase	
General Fund	\$ 111,710.82
Other Tax Funds	\$ 25,760.02
Grant Funds	\$ 10,571.34
Enterprise Funds	\$ 45,253.26
Internal Service Funds	\$ 12,113.40
Total Benefit Increase	\$ 205,408.84
Necessary Increase Costs	\$ 634,034.56

Hybrid Pay Grade Table Market Adjustment Council Guidance for Budget Build

- Option 1: 2.5%*
- Option 2: 4.5%
- Option 3: 6.1%

2.5% Increase and 1 Step			
	1 Step Increase	2.5% Increase to Payscale	Total Increase
	\$ 252,680.48	\$ 188,706.44	\$ 441,386.92
Other Tax Funds	\$ 120,536.78	\$ 109,120.18	\$ 229,656.96
Grant Funds	\$ 33,109.44	\$ 33,551.70	\$ 66,661.14
Enterprise Funds	\$ 153,554.44	\$ 153,544.56	\$ 307,099.00
Internal Service Funds	\$ 65,495.30	\$ 57,987.28	\$ 123,482.58
	\$ 625,376.44	\$ 542,910.16	\$ 1,168,286.60

4.5% Increase and 1 Step			
	1 Step Increase	4.5% Increase to Payscale	Total Increase
General Fund	\$ 252,680.48	\$ 339,614.86	\$ 592,295.34
Other Tax Funds	\$ 120,536.78	\$ 196,359.02	\$ 316,895.80
Grant Funds	\$ 33,109.44	\$ 60,376.42	\$ 93,485.86
Enterprise Funds	\$ 153,554.44	\$ 276,296.28	\$ 429,850.72
Internal Service Funds	\$ 65,495.30	\$ 104,349.96	\$ 169,845.26
	\$ 625,376.44	\$ 976,996.54	\$ 1,602,372.98

6.1% Increase and 1 Step			
	1 Step Increase	6.1% Increase to Payscale	Total Increase
General Fund	\$ 252,680.48	\$ 460,337.54	\$ 713,018.02
Other Tax Funds	\$ 120,536.78	\$ 266,183.84	\$ 386,720.62
Grant Funds	\$ 33,109.44	\$ 81,841.76	\$ 114,951.20
Enterprise Funds	\$ 153,554.44	\$ 374,522.46	\$ 528,076.90
Internal Service Funds	\$ 65,495.30	\$ 141,433.24	\$ 206,928.54
	\$ 625,376.44	\$ 1,324,318.84	\$ 1,949,695.28

*HR Recommendation

Hybrid Pay Grade Table Market Adjustment Council Guidance for Budget Build

		2.5% Increase and 1 Step			
Benefit Increase			1 Step Increase	2.5% Increase to Payscale	Total Increase
General Fund	\$ 204,102.84		\$ 252,680.48	\$ 188,706.44	\$ 441,386.92
Other Tax Funds	\$ 68,474.28	Other Tax Funds	\$ 120,536.78	\$ 109,120.18	\$ 229,656.96
Grant Funds	\$ 23,654.76	Grant Funds	\$ 33,109.44	\$ 33,551.70	\$ 66,661.14
Enterprise Funds	\$ 96,662.40	Enterprise Funds	\$ 153,554.44	\$ 153,544.56	\$ 307,099.00
Internal Service Funds	\$ 35,731.44	Internal Service Funds	\$ 65,495.30	\$ 57,987.28	\$ 123,482.58
Total Benefit Increase	\$ 428,625.72		\$ 625,376.44	\$ 542,910.16	\$ 1,168,286.60
		4.5% Increase and 1 Step			
PERSI Increase			1 Step Increase	4.5% Increase to Payscale	Total Increase
General Fund	\$ 111,710.82	General Fund	\$ 252,680.48	\$ 339,614.86	\$ 592,295.34
Other Tax Funds	\$ 25,760.02	Other Tax Funds	\$ 120,536.78	\$ 196,359.02	\$ 316,895.80
Grant Funds	\$ 10,571.34	Grant Funds	\$ 33,109.44	\$ 60,376.42	\$ 93,485.86
Enterprise Funds	\$ 45,253.26	Enterprise Funds	\$ 153,554.44	\$ 276,296.28	\$ 429,850.72
Internal Service Funds	\$ 12,113.40	Internal Service Funds	\$ 65,495.30	\$ 104,349.96	\$ 169,845.26
Total Benefit Increase	\$ 205,408.84		\$ 625,376.44	\$ 976,996.54	\$ 1,602,372.98
		6.1% Increase and 1 Step			
Necessary Increase Costs			1 Step Increase	6.1% Increase to Payscale	Total Increase
	\$ 634,034.56	General Fund	\$ 252,680.48	\$ 460,337.54	\$ 713,018.02
		Other Tax Funds	\$ 120,536.78	\$ 266,183.84	\$ 386,720.62
		Grant Funds	\$ 33,109.44	\$ 81,841.76	\$ 114,951.20
		Enterprise Funds	\$ 153,554.44	\$ 374,522.46	\$ 528,076.90
		Internal Service Funds	\$ 65,495.30	\$ 141,433.24	\$ 206,928.54
			\$ 625,376.44	\$ 1,324,318.84	\$ 1,949,695.28

Increased Costs tied to CBAs

Fire

- Negotiations: open for salary table only
- Medical for FY2020: CBA limits increase to no more than 8%

Police

- Negotiations: full contract open

Fire/Ambulance Insurance Costs			
	Fire	Ambulance	Total
January Premium	\$ 83,256.22	\$ 27,581.83	\$ 110,838.05
Estimated 12 Month Premium	\$ 999,074.64	\$ 330,981.96	\$ 1,330,056.60
8% Increase	\$ 79,925.97	\$ 26,478.56	\$ 106,404.53
FY20 Budget Amount	\$ 1,079,000.61	\$ 357,460.52	\$ 1,436,461.13
VEBA Amount	\$ 68,000.00	\$ 22,000.00	\$ 90,000.00
Increase from FY2019			
Medical	\$ 107,859.61	\$ 39,917.52	\$ 147,777.13
VEBA	\$ -	\$ -	\$ -

FY2020 New Position Requests

JOB TITLE	Paygrade	Difference over FY19	FY2020 Total	Salary	Benefits
Sr. Planner (Long range)	H14	\$ 100,348.89	\$ 100,348.89	\$ 65,208.00	\$ 35,140.89
Assistant Planner	H11	\$ 80,703.25	\$ 80,703.25	\$ 48,984.00	\$ 31,719.25
Animal Care Specialist	H01	\$ 53,048.59	\$ 53,048.59	\$ 26,145.60	\$ 26,902.99
Cyber Security Engineer/Manager	H14	\$ 100,349.25	\$ 100,349.25	\$ 65,208.00	\$ 35,141.25
Dispatcher (2)	H08	\$ 152,663.01	\$ 152,663.01	\$ 90,786.00	\$ 61,877.00
Police Computer Technician	H11	\$ 84,143.57	\$ 83,143.57	\$ 50,999.00	\$ 32,144.57
Police 3rd Class (2)	40P	\$ 174,735.02	\$ 174,735.02	\$ 107,013.20	\$ 67,721.82
WPC Pretreatment Technician	H07	\$ 71,991.55	\$ 71,991.55	\$ 41,789.60	\$ 30,201.95
Veterinarian	H16	\$ 93,019.55	\$ 93,019.55	\$ 59,155.20	\$ 33,864.35
Shift Foreman Fleet	H10	\$ 5,000.00	\$ 8,638.77	\$ 4,318.88	\$ 4,318.88
Fleet Services Coordinator	H11	\$ 81,320.80	\$ 81,320.80	\$ 49,494.00	\$ 31,826.80

March 14, 2019 Agenda

- Employee Benefits – VSP, Dental, and EAP
- Qualified Educational Assistance Reimbursement Program
- Background Checks as department line items
- Employee Benefits – standardized boot allowance