

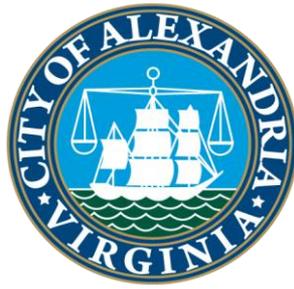
FY 2018 CITY MANAGER'S PROPOSED BUDGET

Follow-up Items
April 19, 2017



Agenda

- Lump Sum Supplemental Retirement Plan Change Update
- Health Insurance
- Interdepartmental Planning Work Plan
- Joint City/School Facilities Investment Plan
- Technical Adjustments & Add/Delete



Lump Sum Supplemental Retirement Plan Change Update

April 19, 2017

Plan Details

Current Plan:

- Inequity exists between benefit payment options
- Plan assumes 30-year US Treasury rate (currently 2.86%)
- Negative impact on Plan sustainability

Proposed Change:

- No change to monthly annuity!
- New employee lump sum calculation rate at 7.25% immediately
- Three step incremental increase to provide equal treatment of all employees

Proposed Change

Effective Date	Rate
Current	2.86% (Based on 30 year Treasury Rate)
January 1, 2018	5.00%
January 1, 2019	6.00%
January 1, 2020 ¹	7.25%

1 Rate will be set equal to the Plan's assumed rate of return

Savings of \$0.8 million in FY 2018 and \$1.5 million in FY 2019 and beyond



Outreach

- 2,830 total plan participants – active and vested
- Letters sent to participants in February and March
- 274 attendees at 12 in-person meetings across the organization
- 75 inquiries via walk-in, phone calls and emails



Issues Raised

- Recognition that a change in lump sum payout calculations is needed
- Grandfathering to further protect those near retirement
- Lengthening the phase in time period
- Plan Funding
- Timing of decision



Proposed Implementation

	Timeline
Initial Notification	February 2017
Participant Outreach	February- April 2017
City Council Considers Proposed Resolution	May 4, 2017
Recommended Date to Return Retirement Application	July 15, 2017
Retirement Application Deadline	August 15, 2017
Last Retirement Date under existing Plan rules	December 1, 2017
Effective date of Proposed Plan change	January 1, 2018



HEALTH INSURANCE

FY18 Budget Issue

- Budget developed using 2016 medical trend of 8.1%, generated increased employer share of \$1.1M
- City medical claims experience resulted in an increase of 14.8%, generating an increased employer share of \$2.3M over FY 2017
- This differential generates a budget gap to close of \$1.3M (adjusted from \$1.7M in most recent memo) over the FY 2018 proposed budget

Cause of Overrun

- The City's medical claims experience this year included an unexpectedly large number of high claims
- Just the excess over \$300K in 6 claims added \$1 million to the claims expense



HEALTH INSURANCE

Closing the Funding Gap

- Police Overhire Non-personnel Savings (\$340K)
- FY 2017 Health Insurance Savings (\$555K)
- Other Technical Adjustments (\$323K)
 - Contingency Reduction (\$100K) and OPEB Contribution Reduction (\$612K) restored

Next Steps

- Incorporate a new tool for employees in the Open Enrollment process
- Consumer Driven Deductible Plan and online consultation
- Review wellness options



Interdepartmental Planning Work Plan

- May Long Range Planning Work Program discussion:
 - Streamlining small area planning
 - Plan for planning
- Projects Proposed Since LRPWP work session in January:
 - Joint City-Schools Facility Investment Plan
 - Resolution 830 Modernization
- Budget Question 26: resources required for additional projects
 - Eisenhower East Phase 2
 - EAP/Green Building Policy



Interdepartmental Planning Work Plan

Resolution 830 Modernization

- Clarify language
- Update to reflect opportunities and constraints that have emerged over time
- Reach concurrence on "replacement unit."
- Timeframe: Now through December 2017
- Series of meetings with stakeholders with education component followed by discussion:
 - Genesis of 830 and history of replacement
 - Issues of Funding and Financing Replacement Units
 - Beyond Resolution 830 (New affordable units that are not "replacement" units)
 - Recommendation Development



Interdepartmental Planning Work Plan

Joint City/School Facilities Investment Plan

- Nine-person blue ribbon panel
- Timeframe: Now through December 2017
- Elements:
 - Prioritize CIP facility projects adopted within CIP funding parameters
 - Identify criteria for joint facility opportunities
 - Civic engagement principals and processes
 - Alternative capital delivery methods
 - Governance
 - Asset management



Interdepartmental Planning Work Plan

Fitting JCSFITF/830 into the Work Program

- Dedicate 1 P&Z FTE to project for its duration.
- Delay start of Route 1 South Affordable Housing Strategy public launch to April 2018 (from Feb 2018)
- Delay start of Mt. Vernon Ave. Plan Update by three months overall.
- Move Microunits Study from a scheduled study to the list of HMP implementation initiatives on the back of the work program.
- Delay Open Space in New Development by six months. Now scheduled for January 2018 through June 2018
- For JCSFITF: \$300K for consultant support; planner staffing (\$114K). Funded from increased revenues.
- If either project extends beyond December 2017, further resources or adjustment to work program will be needed.



Interdepartmental Planning Work Plan

Budget Question 26

Eisenhower East Phase 2

- Considerations:
 - Existing and potential pipeline of development is large
 - Overall capacity for simultaneous SAPs: add versus substitution
- Timeframe: start no sooner than July 2018
- If there is a decision to add to work program, required additional resources:
 - 4 FTEs: 2.5 P&Z, 1.5 T&ES (\$470K)
 - Outside technical assistance: \$320K (transportation, sewer, economics/financial analysis)



Interdepartmental Planning Work Plan

Budget Question 26

EAP/Green Building Policy

- City staff is working with the Environmental Policy Commission on an EAP/Green Building Policy Update that fits within planned resources for FY 2018
 - Keep two-year timeframe but deliver short-term goals on priority pillars by June 2018 (year 1).
 - Complete EAP, including mid and long term goals, in year 2.
- Green Building Policy update would occur within EAP but in year 2. Would require additional resources for FY 2019:
 - 0.5 FTE (\$60K)
 - Outside technical expertise: \$75K



Revenue Re-estimates & Technical Expenditure Adjustments

- No Net Change
- Revenues +\$289,000
- Expenditures +\$289,000



Revenue Re-estimates

- Total Adjustments +\$289,000
- BPOL +\$160,000
- Recordation -\$400,000
- State Aid
 - Comp Board +\$175,000
 - HB 599 +\$173,000
 - State Prisoner Per Diem +\$161,000
- Sidewalk Wayfinding Sign Permit Fees +\$20,000



Expenditure Technical Adjustments

- Total Adjustments +\$289,000
- Expenditure Increases
 - Health Insurance +\$1,218,000
 - Sheltercare (Contingent Reserves) +\$52,000
 - WMATA Operating Contribution +\$295,000
 - Wayfinding Plan Implementation +\$20,000
- Expenditure Reductions
 - Police Overhire Equipment -\$340,000
 - Vacancy Savings -\$555,000
 - WMATA Debt Service -\$698,000
- Net \$297,000 Increase in Cash Capital to Reduce Borrowing and Increase Debt Capacity

Add/Delete

- Proposals Due 4/20
 - 3 co-sponsors (Originator + 2)
 - Adds offset by revenues or expenditure reductions
 - Subject of budget memo or work session/public hearing discussion
- Preliminary Add/Delete 4/25
- Proposals public release no later than 4/28
- Final Add/Delete 5/1
- Final decisions public release 5/2
- Adoption 5/4



BUDGET DEVELOPMENT DATES

Tuesday, February 21	7:00pm	Budget Work Session: Revenues/Five Year Financial Planning Model/Compensation
Tuesday, February 28	7:00 pm	WMATA CIP & City Debt Policy Update (during Legislative meeting)
Wednesday, March 1	7:00pm	Budget Work Session: Capital Improvement Program
Wednesday, March 8	7:00pm	Budget Work Session: Alexandria City Public Schools
Monday, March 13	4:00pm	Public Hearing: FY 2018 Budget
Tuesday, March 14	7:00pm	Introduce the Maximum Property Tax Rates
Wednesday, March 15	7:00pm	Budget Work Session: Healthy & Thriving Residents
Tuesday, March 21	7:00pm	Budget Work Session: Livable, Green & Prospering City
Wednesday, March 29	7:00pm	Budget Work Session: Safe, Secure & Just Community
Wednesday, April 5	7:00pm	Budget Work Session: Accountable, Effective & Well-Managed Government
Wednesday, April 19	7:00pm	Budget Work Session: Follow-up Items
Saturday, April 22	9:30am	Public Hearing: FY 2018 Tax Rate
Tuesday, April 25	6:00pm	Budget Work Session: Preliminary Add/Delete Discussion
Monday, May 1	7:00pm	Budget Work Session: Final Add/Delete Discussion
Thursday, May 4	7:00pm	Special Meeting: Budget Adoption