

**State of Texas
County of Bexar
City of San Antonio**



**FINAL
Meeting Minutes
City Council B Session**

City Hall Complex
114 W. Commerce
San Antonio, Texas 78205

Wednesday, February 19, 2014

2:00 PM

Municipal Plaza Building

The City Council of San Antonio convened in the "B" Room of the Municipal Plaza Building at 2:00 pm with the following Councilmembers present: Bernal, Taylor, Viagran, Saldaña, Gonzales, Lopez, Medina, Nirenberg, Krier, Gallagher, and Mayor Castro.

1. A briefing on the recommendations of the Healthcare and Retirement Benefits Task Force appointed by the Mayor and Council. [Reed Williams, Chairman; Maria Villagomez, Office of Management & Budget]

Mayor Castro welcomed everyone and thanked the Healthcare and Retirement Benefits Task Force for their work.

Former Councilmember and Task Force Chair W. Reed Williams presented an overview of the Task Force. He stated that they were charged with reviewing the cost of Healthcare and Pension Expenses for Uniform, Civilian, and Retired City Employees. He noted that they were created as a proactive measure to review City Programs and Costs and provide recommendations on ensuring that the city maintains a strong financial position in the future. He noted that the Task Force Members had met eight times and focused on three areas: 1) General Fund Revenue and Expense Projections; 2) Pension Benefits and Cost for Civilian and Uniform Employees; and 3) Healthcare Benefits and Cost for Active and Retired Civilian and Uniform Employees. He reported that Independent Consultants Bartel

Associates and MHBT were utilized to review projections, assumptions, and provide information.

Mr. Williams outlined the actions that occurred at each of the eight Task Force Meetings. He reported that there were nine Main Recommendations developed by the Task Force organized in four areas: 1) Policy and Budget; 2) Pension; 3) Pre-Funded Uniform Retiree Healthcare; and 4) Healthcare. He indicated that a Comprehensive Report including Main Recommendations, Individual Task Force Member Recommendations, and Comments was provided to the City Council and posted on the City Website. He stated that over the past 10 years, Public Safety Spending has grown faster than General Fund Revenues. He presented a graph of the General Fund–Fund Balance from 2003 to 2013 and noted that it has decreased since FY 2011.

Mr. Williams reported that the Task Force recommended that the City Council establish policies and approve budgets that assure Public Safety Expenses are managed in a balanced manner to the General Fund Revenues and Expenditures. He stated that the Police and Fire Pension Fund was recognized as well-managed and well-funded. He noted that Uniform Pension Expenses were growing slightly greater than General Fund Revenues. He indicated that the City Contribution was 24.64% and the Uniform Employee Contribution was 12.32%. He stated that the Task Force recommended that the city continue to study Active Compensation and Retirement Benefits. They should submit recommendations to the City Council through the Intergovernmental Relations (IGR) City Council Committee. Again, as part of a future City of San Antonio Legislative Program with disclosure to the Fire and Police Pension Fund Board. He mentioned that the city currently maintains Budgeted Financial Reserves and 9% of General Fund Appropriations. The Task Force recommends that the City Council consider increasing the General Fund Budgeted Financial Reserves and General Fund Uncommitted Cash to a minimum of 15% of General Fund Annual Appropriations.

Mr. Williams denoted that the Pre-Funded Uniform Retiree Healthcare Benefits City Contribution is 9.4% and the Uniform Employee Contribution is 4.7%. He stated that changes were made to Pre-Funded Healthcare and required by State Statute which increased Out of Pocket Maximums and Deductibles. He noted that General Prescription Changes were made by the Retiree Healthcare Board. He stated that the Task Force recommended that the city continue to study Pre-Funded Healthcare for Retirees including the exploration of Bridge Insurance Options under the Affordable Healthcare Act. He added that strategies should be presented to the City Council through the IGR City Council Committee as part of a future City of San Antonio Legislative Program with disclosure to the Fire and Police Retiree Healthcare Fund Board.

Mr. Williams indicated that San Antonio was the only major city in Texas where Uniform

Employees pay \$0 Healthcare Premiums for themselves and their dependents. He stated that Civilian Employees pay an average 30% of their Total Healthcare Cost; Uniform Employees pay 9%. He noted that Civilian Employees have an average of 1.2 Dependents and Uniform Employees have 2.3 Dependents. He outlined the seven recommendations related to Healthcare. With regard to the Adequacy of Benefits Healthcare Plan Design, the Task Force recommends that the City Council direct City Staff to review adjusting the Uniform Level of Healthcare Benefit to more closely align with Civilians, Other Peer Cities, Public and Private Employers in San Antonio. For Healthcare Contribution Premiums, the Task Force recommended that City Council direct City Staff to review adjusting the Uniform Contribution Levels to more closely align with Civilians, Other Peer Cities, Public and Private Employers in San Antonio. He noted that they also recommend a vigorous Wellness Strategy for all City Employees. Additionally, City Staff should negotiate Uniform Healthcare Plan Design and Healthcare Premiums as part of the Collective Bargaining Agreement. Mr. Williams stated that City Staff should continue the annual analysis of Stop-Loss Insurance and implement Regular Dependent Audits of all City Employees. Lastly, he noted that the Task Force recommended that the city expand on current education and outreach efforts to explain healthcare changes and help employees become better consumers of healthcare. The city should also seek potential collaborations or partnerships with Healthcare Providers such as University Health System to provide additional access for employees.

Mayor Castro asked of the percentage of the Public Safety Costs for Personnel and Non-Personnel Budget. Maria Villagomez replied that Personnel Costs totaled 85% and Non-Personnel Costs totaled 15%. She noted that Non-Personnel Costs consisted of items such as fuel, equipment, maintenance of equipment, utilities, Information Technology, Building Maintenance, and Training. Mayor Castro asked what was driving the increase in Non-Personnel Costs. Ms. Villagomez stated that as the number of staff has increased, there has been a need for more equipment, fuel, technology, and other improvements. Mayor Castro noted that State Law controls Pension Benefits. Mr. Williams stated that was correct and it also controlled Retiree Medical Benefits. He added that the State Law was written specifically for San Antonio. Mayor Castro asked of the Uniform Total Compensation and Healthcare Costs. Mr. Williams replied that from 2003-2013 the Uniform Compensation grew at a rate of 5.6%, Uniform Pension grew at 5.1%, and Uniform Pre-Fund Retiree Healthcare grew at 5.2%. He noted that the Uniform Active Healthcare had grown at a greater rate of 9.2%. Mayor Castro asked of the analysis of the General Fund. Mr. Williams stated that they had looked at the current trajectory and evaluated year-to-year revenue versus expenditures.

Councilmember Saldaña asked of the 9.2% increase in Uniform Active Healthcare from 2003-2013. Mr. Williams replied that the percentage included Uniform Employees and their dependents. Councilmember Saldaña asked of the dependents that are covered for

Uniform Employees. Mr. Williams replied that San Antonio Uniform Employees have on average more dependents and a more expensive Healthcare Plan. Councilmember Saldaña asked of the recommendation for Uniform Retiree Healthcare. Mr. Williams stated that the recommendation to explore the Bridge Insurance Options under the Affordable Care Act may not work; but was an option. He spoke of the challenges with affordable healthcare for Uniform Employees that retire at a younger age and not eligible for Medicare. Councilmember Saldaña asked of Uniform Employee Contributions. Mr. Williams stated that while Uniform Employees did not pay premiums; they were responsible for deductibles and paid into the Pre-Funded Healthcare Trust Fund. Councilmember Saldaña asked of any discussion regarding the healthcare coverage for Uniform Employees injured or deceased while on the job. Mr. Williams replied that it was considered Worker's Compensation and was a separate issue. Mrs. Sculley confirmed that there were no recommended changes to Family Survivor Benefits and the issue was not addressed by the Task Force.

Councilmember Lopez asked of the Fire and Police Pre-Funded Healthcare Trust Fund and Pension Fund. Ben Gorzell stated that they were created by State Statute and applied only to San Antonio. Councilmember Lopez asked if the Task Force had discussed the two Boards. Mr. Williams replied that there had been discussion on how well-run the two Boards were. Mrs. Sculley added that the Funds were well-run but the issue was related to contributions. She added that they were not recommending any changes to the Funds at this time as they were controlled by State Statute. Councilmember Lopez asked of future growth factors. Mr. Williams replied that they utilized historical numbers and identified a trend that needed to be changed. Councilmember Lopez stated that it was important to recruit and retain the best Uniform Employees.

Councilmember Gallagher expressed concern that the Task Force had only reviewed City of San Antonio Data from the past 10 years and not that of other Metropolitan Areas. Mr. Williams replied that they could look at other cities but noted that the Task Force was concerned with the growth attributed to Public Safety within the General Fund. He added that there were incremental changes that needed to be made to address the cost structure.

Councilmember Krier asked of the recommendation for the City Council to establish policies and approve budgets that assure Public Safety Expenses are managed in a balanced manner. Mr. Williams replied that it was the Council's decision on how to allocate expenses and prioritize policies. Councilmember Krier asked how to address questions on the Report. Mr. Williams stated that each recommendation included the person's name that made that recommendation and the City Council could contact them individually.

Councilmember Nirenberg asked if City Staff utilized the Comprehensive Annual Financial Report (CAFR) when preparing the General Fund Revenues and Expenses from FY 2003-2013. Ms. Villagomez confirmed that the numbers presented were consistent with the

CAFRs. Councilmember Nirenberg asked of the growth in Public Safety Personnel. Mr. Williams responded that both the Uniform and Civilian Positions in Public Safety had grown over the years.

Councilmember Medina asked of the specific recommendation that the city should create a formal strategy and policy for Total Compensation for all classes of employees. Mrs. Sculley replied that this would be further discussed during the Budget Process. Councilmember Medina asked of the recommendation to cap the percent of the General Fund attributed to the Public Safety Budget at 60%. Mrs. Sculley stated that it was a recommendation of one of the Task Force Members and would be a policy decision of the City Council. Councilmember Medina asked of the target percentage of the General Fund Budget dedicated to Public Safety. Mr. Williams replied that he would begin discussion regarding same at 67%.

Councilmember Taylor stated that although Public Safety was the number one priority; it constrained the Budget and affected other services. She spoke of the need to look at broader issues and have rational dialogue. She asked of the Comprehensive Compensation Study for all employees. Mrs. Sculley replied that they continuously updated Civilian Compensation Packages and would share data regarding Uniform Employees with the City Council. Councilmember Taylor asked if changes to the Uniform Benefits would affect recruitment. Mrs. Sculley replied that they had researched changes in contribution levels and how it would affect San Antonio's Position relative to other Texas Cities. She indicated that they would provide that information to the City Council. Councilmember Taylor stated that it was important to find the right balance of benefits among Uniform and Non-Uniform Employees. She added that she would like to see a point-by-point position on each Task Force Recommendation by the other side.

Councilmember Viagran asked if the number of Uniform Personnel included Airport and Park Police. Mr. Williams confirmed that it only included San Antonio Police Officers and Firefighters and did not include Airport and Park Police.

Councilmember Bernal stated that he was pleased to have received information from both sides and noted the upcoming Collective Bargaining Agreement (CBA) Negotiations.

Councilmember Gonzales stated that many of her questions had been answered and she looked forward to future dialogue.

Mayor Castro thanked Mr. Williams for the presentation and spoke of next steps which would include a Work Session to better understand recommendations and the Minority Report.

RECESSED

Mayor Castro recessed the meeting at 4:15 pm to go into Executive Session to discuss the following:

- A. Deliberate the purchase, exchange, lease or value of real property and discuss related legal issues pursuant to Texas Government Code Sections 551.072 (real property) and 551.071 (consultation with attorney).

- B. Deliberations regarding economic development negotiations and discuss related legal issues pursuant to Texas Government Code Sections 551.087 (economic development) and 551.071 (consultation with attorney).

- C. Discuss legal issues related to collective bargaining pursuant to Texas Government Code Section 551.071 (consultation with attorney).

- D. Discuss legal issues related to Michael Cuellar v. City of San Antonio, pursuant to Texas Government Code Section 551.071 (consultation with attorney).

CEREMONIAL ITEMS

Mayor Castro reconvened the meeting at 5:30 pm and addressed the Ceremonial Items.

Mayor Castro presented a Citation to the Holy Cross Cheerleaders for winning their 10th Title at the National Cheerleaders Association's High School Championship Competition held in Dallas, Texas, January 25-26, 2014. It was noted that the Lady Knights competed against 22 teams in the Varsity Small Novice Division. Councilmember Medina recognized the San Antonio Schools that placed in the American Cheer Power Southern National Cheerleading Competition held in San Antonio from February 7-9, 2014: Jefferson High School, Brandeis High School, Mount Sacred Heart, Holmes High School, and Central Catholic High School.

Mayor Castro presented a Proclamation in recognition of the 25th Annual Senior Games that will be held March 27-April 6, 2014. It was noted that the Games were open to adult men and women ages 50 and over. It was also mentioned that 1,200 Senior Athletes would compete in over 24 sporting events such as Tennis, Volleyball, Bowling and Pickle Ball.

Mayor Castro presented an Official Appreciation Certificate to the San Antonio Chicano Soul Hall of Fame. It was noted that the walls of the Progresso Hall of the Avenida Guadalupe would become the display for the San Antonio Chicano Soul Hall of Fame. It was mentioned that the

new initiative will document, recognize, and share the contribution of San Antonio Bands that made the music of the 50's and 60's unforgettable.

CITIZENS TO BE HEARD

Mayor Castro excused himself from the meeting and Mayor Pro Tem Viagran presided. Mayor Pro Tem Viagran reconvened the meeting at 6:00 pm and stated that no action had been taken in Executive Session. She called upon the individuals registered to speak under Citizens to be Heard.

Johnny Perez stated that in 1999, he had submitted a petition against Law Enforcement in San Antonio. He noted that his Bi-Polar Disorder was under control but was concerned with Schizophrenia occurring throughout the city.

R.L. Wagner addressed the City Council in support of adding bus and train routes in and out of the City of San Antonio. He expressed concern with the high cost of licenses for Artists in the Downtown Area.

Faris Hodge, Jr. submitted written testimony noting that the City Council should vote on one zoning case at a time. He wrote that it was time to pay the City Council a Living Wage and that all San Antonio Businesses should pay taxes. He highlighted the appointment of Byron Miller to the Justice of the Peace Court Precinct 4, Place 2. He provided an article reporting that County Judge Wolff and Precinct 2 Commissioner Elizondo had applied for places on the March Democratic Primary Ballot. He wrote that West Side Residents wanted traffic safety improvements in their neighborhoods.

ADJOURNMENT

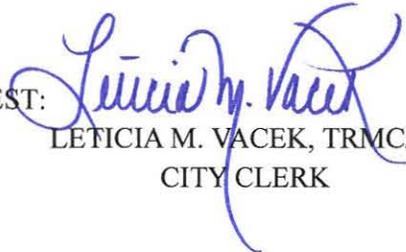
There being no further discussion, Mayor Pro Tem Viagran adjourned the meeting at 6:12 pm.

APPROVED



JULIÁN CASTRO
MAYOR

ATTEST:



LETICIA M. VACEK, TRMC/MMC
CITY CLERK