

**STATE OF TEXAS
COUNTY OF BEXAR
CITY OF SAN ANTONIO**

A BUDGET WORK SESSION OF THE CITY COUNCIL OF THE CITY OF SAN ANTONIO WAS HELD IN THE MUNICIPAL PLAZA BUILDING, TUESDAY, SEPTEMBER 6, 2011.

The San Antonio City Council convened in a Budget Work Session at 2:00 pm Tuesday, **September 6, 2011**, in the Municipal Plaza Building, with the following Councilmembers present: Bernal, Taylor, Ramos, Saldaña, D. Medina, Lopez, C. Medina, Williams, Chan, Soules, and Mayor Castro.

1. STAFF PRESENTATION ON THE FY 2012 PROPOSED BUDGET FOCUSING ON, BUT NOT LIMITED TO, THE FOLLOWING:

A. PUBLIC HEALTH SERVICES

Dr. Thomas Schlenker stated that the Health Department's Proposed FY 2012 Budget included funding from the General Fund, Federal, and State Grants. He provided the Council with funding and personnel allocations by Fund authorized by the FY 2012 Proposed Budget.

Dr. Schlenker noted that the mission of the department was to provide public health services to the City of San Antonio and surrounding Bexar County. Dr. Schlenker highlighted the various services offered to the community.

In regards to efficiencies, Dr. Schlenker stated that the Health Department's FY 2012 Proposed Budget incorporated reductions totaling \$927,150. Said reductions are as follows:

- Eliminates one Case Aide position (\$19,233)
- Eliminates four supervisory positions (\$474,688).
- Transfers Kenwood Public Health Dental Clinic Services to Other Agencies (\$159,109).
- Reduces *Bienestar* Contract (\$25,000).
- Reduces various line item budgets realized as a result of efficiencies gained through departmental realignments (\$123,950).
- Realigns Sexually Transmitted Disease Clinic Hours (\$41,241).
- Eliminates one Administrative Associate position resulting from implementation of Digital Health Report Automated Inspection System (\$83,929).

It was noted that the Department also proposed improvements totaling \$336,569. Said improvements are as follows:

- Adds one Project Worth Program Coordinator Position (\$49,088).
- Adds one Assistant to the Director for Administration and Operations and one Epidemiology Program Manager Position (\$207,008).
- Adds one Tobacco Program Manager Position (\$80,473).

Dr. Schlenker mentioned that the Health Department's FY 2012 Proposed Budget included the establishment of a new fee for T-Spot Tuberculosis. The fee increase is estimated to generate \$6,900 annually.

Mayor Castro welcomed Dr. Thomas Schlenker to the City of San Antonio. Dr. Schlenker provided the Council with the methodology utilized for re-organizing the department. He stated that the intent was to bring accountability and connectivity to the department while offering better services to the public.

Mayor Castro highlighted the decrease in local teen pregnancy rates and asked of the services provided by the City in areas which do not have adequate access to clinical and educational resources. Dr. Schlenker detailed community outreach efforts undertaken by the City. Mayor Castro requested that Dr. Schlenker collaborate with various educational and health agencies to provide health screenings and educational materials to at-risk teens. He recommended that said testing be conducted at facilities frequented by teens.

Councilmember Williams spoke about fluoride levels in the drinking water and requested Dr. Schlenker verify the amount administered by SAWS.

Councilmember Taylor spoke on grant funded programs being administered by the Health Department and requested a list of grant funded programs, allocation of funds for each program, and program status. She addressed funding levels for the *Bienestar* Program and wanted to know of the intent to fund the NEEMA Health Program. Dr. Schlenker responded that he would provide said data at a later time. Councilmember Taylor expressed her gratitude for the Department increasing funding levels for Project Worth. She commented that the decrease in federal funding of reproductive programs would have a financial impact on local governments. Councilmember Taylor requested that the Department collaborate with other agencies to ensure that target populations, especially middle-school students, receive appropriate access to clinical and educational services.

Councilmember Soules voiced his concern with the proposed shortfall of \$6.5 million; \$6.2 million of which is due to the loss of grants. Ms. Sculley mentioned that grants were not renewed as the missions of the grants were reached. Councilmember Soules requested a list of programs and projects that would be affected by said shortfall. Dr. Schlenker noted that the City had applied for other grants that if approved, would provide services to programs which lost grant funding.

Councilmember Lopez spoke on Project Worth and requested data on the re-occurrence of pregnancy for teens enrolled in the Program. He stated that said data would assist the City in determining strengths and weaknesses of the Program. In regards to ¡Por Vida!, Councilmember Lopez asked about the status of the smart phone application. Dr. Schlenker stated that ITSD was looking into the application.

In regards to efficiencies and improvements, Councilmember Lopez asked how programs would be measured to determine effectiveness, especially with loss of grant funding. Dr. Schlenker noted that most clinical services would not change and that the focus was delivering service more efficiently. He noted that the Immunization Registry was a tool that tracked immunizations. Dr. Schlenker

mentioned that the challenge was encouraging the medical community to utilize the reporting system.

Dr. Schlenker clarified that the *Bienestar* Program had been allocated \$25,000 for FY 2012. He stated that this was a decrease from FY 2011 funding levels.

At the request of Councilmember Bernal, Dr. Schlenker provided an overview of the services offered by the City for the WIC Program.

Councilmember Williams thanked Dr. Schlenker for funding the SPARKs Program.

Mayor Castro asked for information regarding the role the Health Department played in responding to calls received by individuals bitten by dogs. Ms. Sculley reported that about 25 calls were received daily from individuals bitten by dogs and that the role of the Health Department was to oversee rabies management. She highlighted the roles played by Animal Care Services as well as Municipal Court.

B. CITY EMPLOYEE COMPENSATION AND HEALTH CARE BENEFITS

Ms. Flor Garcia provided the Council with an overview of the FY 2012 Proposed Budget for Human Resources. She detailed funding and personnel allocations as well as changes to the civilian employee benefits program. It was noted that that the focus of the Department was to enhance total employee compensation.

Ms. Garcia noted that the FY 2012 Proposed Budget allocates \$7.1 million to Uniform Compensation. She noted that said funding allocation would be used to offset a 3.0% wage increase for uniform Police personnel as stipulated in the Police Collective Bargaining Agreement and funds incentive and certification pay. In addition, the Proposed Budget funds an increase in the clothing allowance and costs associated with a new Deputy Chief position. As it relates to Fire Personnel, the FY 2012 Proposed Budget includes \$3.8 million to offset a 2.2% wage increase as stipulated in the Fire Collective Bargaining Agreement and funds incentive and certification pay. Ms. Garcia noted that the Proposed Budget also included costs associated with the new Deputy Chief position that was added per the Collective Bargaining Agreement.

Civilian Compensation & Benefits

The FY 2012 Proposed Budget includes \$7.0 million for increases to civilian compensation including the fifth phase of the Step Pay Plan, a cost-of-living adjustment of 2.42%, and performance pay for professionals and managers not eligible for the Step Pay Plan. Additionally, to continue the City's commitment to ensure that employees earn a Living Wage, the minimum hourly rate for all full-time and part-time City positions is proposed to increase from \$10.60 per hour to \$10.75 per hour, effective October 1, 2011.

Step Pay Plan Implementation

The FY 2012 Proposed Budget includes the continued implementation of the Civilian Step Pay Plan. The Pay Plan addresses market-competitiveness and ensures equitable employee pay within

each job for non-professional, non-managerial employees. Phase 5 of the Step Pay Plan was developed with input from the City's Employee Management Committee (EMC) which is composed of City employees, employee associations including Service Employees International Union (SEIU) and National Association of Public Employees (NAPE), and City management staff. In 2012, Phase 5 of a 6 year implementation plan is included in the Proposed Budget with an effective date of January 1, 2012. This phase provides step increases for 1,938 employees and results in an average annual salary increase for each employee of approximately 5.58%.

Employee Health Care Benefits

The FY 2012 Proposed Budget includes funding for increased costs associated with the continued rising cost of healthcare, plan design changes, and wellness initiatives. Health care plan options for employees will continue to include Value Preferred Provider Organization (PPO), Standard PPO, and Premier PPO in FY 2012. There are no proposed premium increases to the Value PPO; however, premium increases to both the Standard and Premier Plans are being proposed to cover costs of those plans. The City is continuing to move toward reaching an overall City health care contribution of 80% with the balance (20%) paid by employees for those employees hired before January 1, 2009. For employees hired after January 1, 2009, the City will reach its goal of a 70% City to 30% employee.

Employee Health Care Benefit Plan Changes

Proposed changes for FY 2012 will bring several changes to plan design. These changes will help mitigate future increases through wellness programs, increased education for plan usage, and by encouraging appropriate plan selection and good consumerism. These changes include the following:

- Increases in deductibles and out-of-pocket maximums
- Incentives to use generic prescriptions
- Employee tools to assist employees with making prudent decisions

Retiree Benefits

The FY 2012 Budget includes the maximum allowable COLA by the Texas Municipal Retirement System (TMRS), which is 70% of CPI, and equates to approximately a 1% increase in the retirees' annuity.

For retirees under the age of 65, nominal premium increases are included in the budget to offset growing health care and administration costs. Health care plan options for pre-65 retirees include Value PPO, Standard PPO, and Premier PPO.

For FY 2012, aggregate cost-sharing for all non-uniform retiree medical plans is split 67% City and 33% retiree.

Mayor Castro requested information on the methodology used to determine the \$50 monthly surcharge for providing health care coverage to spouses. Ms. Sculley stated that the monthly surcharge was a tool being proposed by the City to better manage health care costs for all participants while encouraging spouses to participate in employer-sponsored insurance plans. As it relates to medical coverage for domestic partners, she explained that the power of attorney was one additional document that could be submitted for verifying domestic partnership status.

Ms. Sculley noted that it was not cost effective for the City to cover health care costs for Fire and Police at 100% over the long-term. She added that the proposal to go to a two-tiered cost sharing plan was being discussed now in preparation for future collective bargaining negotiations with Fire and Police.

Councilmember Bernal noted his concern with employees being penalized for using brand drugs over generic drugs, especially if a generic was not available. He requested data on the number and kinds of drugs that have a generic equivalent available. In regards to domestic partnerships, Councilmember Bernal asked about the verification process to be utilized to determine domestic partnership and dependent status. Ms. Sculley noted that domestic partnership and dependent status would be determined in a similar manner as currently used to determine marital and dependent status.

At the request of Councilmember Williams, Ms. Sculley explained that an audit was conducted to verify the eligibility of civilian employee dependents. She continued by stating that an audit was not conducted for Fire and Police dependents and that the City planned on pursuing other avenues to complete said. Councilmember Williams voiced his concern with allowing spouses with employer sponsored health plans to select the City's insurance plan as their primary insurance plan. He requested data on the number of spouses with employer sponsored health care plans that are currently covered by the City.

Councilmember Williams asked about the methodology used to determine the employee compensation package. It was noted that the City did poll other cities regarding the proposed cost of living allocations. He requested a list denoting the amount employees would be receiving via performance pay as well as a list comparing job salaries by job title by City. Ms. Sculley stated that this information would not be available until January 2012.

In regards to customer service, Ms. Sculley explained that the original proposal to dismantle the CAT Team three months after the implementation of the new 311 Operator System was re-evaluated. She noted that the new proposal was to fund the CAT Team for the entire fiscal year in order to better serve the Mayor and Council. Councilmember Williams requested that management find ways to offer customer service in a more efficient, effective, and environmentally sensitive manner.

Councilmember Ramos requested clarification on medical coverage options available to employees. It was noted that the spouse surcharge of \$50 per month proposed for FY 2012 was in addition to monthly health care premiums. Councilmember Ramos expressed her concern with employees being financially penalized for not utilizing generic drugs when generic equivalents may not be available. Mr. A.J. Rodriguez explained that the proposal to encourage the use of generic equivalent medications was a way for the City to control the rising cost of health care. Councilmember Ramos requested data on the net salary of an employee making \$10.75 an hour for each of the health care plans and coverage options available.

Councilmember C. Medina requested information regarding the anticipated cost to the City for enrolling domestic partners. Ms. Garcia noted that the City was expecting to pay about \$300,000 in benefits as 30 individuals were expected to take advantage of the Program.

At the request of Councilmember Soules, Ms. Sculley stated that 110 employees were classified as executives. She denoted that said number did not include employees appointed by City Council. In regards to health care costs, it was noted that the City anticipated a cost savings of \$4 million in FY 2012 as a result of proposed health care plan changes. Councilmember Soules voiced his concern with the difference in premiums paid by employees based on hire date. Ms. Sculley explained that the difference in premiums allowed the City to better manage rising health care costs. Mr. Rodriguez added that employees would be able to use a cost simulator to determine the best health care plan based on individual needs. Lastly, Councilmember Soules requested clarification on how the City would verify domestic partnership status. Ms. Sculley stated that the City would verify domestic partnership status via the annual benefits audit.

AJOURNMENT

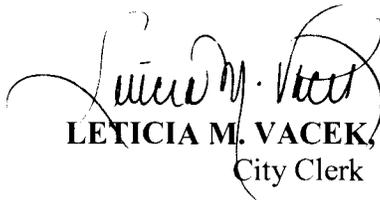
There being no further discussion, Mayor Castro adjourned the Work Session at 4:54 pm.

APPROVED



**JULIÁN CASTRO
MAYOR**

Attest:



LETICIA M. VACEK, TRMC/CMC
City Clerk