

**CITY OF GRAND PRAIRIE
CITY COUNCIL BUDGET WORKSHOP
AUGUST 26, 2010
MINUTES**

The City Council of the City of Grand Prairie (City), Texas, met in a workshop session on August 26, 2010 at 8:45 a.m. in the Board Room of the Ruthe Jackson Center, with the following members present:

Charles England	Mayor	Greg Giessner	Council Member
Ruthe Jackson	Mayor Pro Tem	Tony Shotwell	Council Member
Ron Jensen	Mayor Pro Tem	Bill Thorn	Council Member
Jim Swafford	Council Member		
Mark Hepworth	Council Member		

Deputy Mayor Pro Tem Richard Fregoe was absent.

With a quorum present Mayor England called the meeting to order in accordance with the official agenda posted on Friday, August 26, 2010.

Mayor England made some opening remarks about prior budget workshops and thanked the Finance and Government Committee and the Budget Staff for their work on the budget.

City Manager Tom Hart opened the session; he started off by addressing the issues that faced the City this year. He spoke about the current economic climate and the uncertain economic outlook and how it has placed the City in an unprecedented financial situation, then talked about some of the challenges faced by the City this year when developing the budget such as: decline in revenues, decline in property values, a decrease in sales tax collections, decrease in interest earnings and a decline in building permits. He talked about the no raise pay package (one-time payment), the increase in the TMRS rate and remedies taken in order to balance the budget.

I. PRESENTATIONS

1. Statistical Information - City Manager Tom Hart presented the following information:

- New Budget Rules
- Population Ranking
- Population Growth
- Population Compared to Other Cities
- Residential Building Permits
- Price Comparison
- Residential Municipal Cost of Services
- Property Tax Rates
- Grand Prairie Property Tax Rate Comparison
- Property Tax Rate Comparison with Other Cities
- 6 Year Change in Property Tax

- Property Tax Fund Distribution
- Grand Prairie Tax Base History
- Grand Prairie Residential Tax Value
- Grand Prairie Average Single Family Home Price for Permits
- Grand Prairie Commercial Tax Value
- Grand Prairie Business Tax Value
- Property Tax Values per Capital Compared to Other Cities
- Value of One Cent Property Value Compared to Other Cities
- Property Tax Revenue per Capita Compared to Other Cities
- Grand Prairie Sales Tax Revenue per Capita Compared to Other Cities
- Grand Prairie Historical Trend in Sales Tax per Capita
- Property and Sales Tax per Capita Compared to Other Cities
- General Fund Expenditures per Square Mile Compared to Other Cities
- Full Time Employees per Capital Compared to Other Cities
- General Fund Personnel
- Fire and Police Expenditures
- Certified Police and Fire per 1,000 Population Compared to Other Cities
- Personnel Increases Public Safety vs. Non Public Safety
- Public Safety as a Percent of General Fund
- The Challenge in Today's Times
- Potential Organizational Chart
- City of Grand Prairie Total of All Operating Budgets
 - General Fund
 - Water/Wastewater
 - General Fund Obligation Debt
 - Solid Waste
 - Park Venue
 - Storm Water
 - Golf
 - Lake Parks
 - Airport
 - Other Fund (Cable, Hotel Motel, Cemetery, Prairie Lights, and Municipal Court Funds)

Mr. Hart talked about why and how Grand Prairie is able to compete with other cities in the metroplex. Council Member Hepworth asked what percent of seniors own homes. Mr. Hart asked the Finance Director Diana Ortiz to find out. Ms. Ortiz called the Cash and Debt Manager Tannie Camarata who said the percentage is 10% of the total parcels. There was a discussion between the Council and Staff regarding the average home value in Grand Prairie and other cities in the metroplex. Mr. Hart asked Ms. Ortiz to call Mr. Camarata to find out the average home value in Irving, Texas. Mr. Camarata's response was \$127,000. Mr. Hart pointed out on the slide titled General Fund Personnel (slide 32) that we added six detention officers but dropped in the other employee category and added 1/3 more city. Council Member Jensen asked Mr. Hart if other cities had cut staff too. Mr. Hart said yes. Council Member Jensen said that over time he thinks we have become more efficient, with the growth of technology we are able to accomplish more with less. Mr. Hart agreed with Council Member Jensen's statement: however, he said that

not many of the other cities in the metroplex have experienced the growth that Grand Prairie has in the past few years and if they had he didn't think that they would have as good of statistics as they do with a decline in staff like Grand Prairie has experienced. He reminded Council that Arlington and Fort Worth contract out their ambulance service. Mr. Hart explained to Council that it takes more Police and Fire staff to cover a geographical area like Grand Prairie (long and narrow) than a city that is round and compact. Council Member Hepworth asked if the growth of the Police Department was due to growth in population and the growth in the Fire Department was due to geography. Mr. Hart answered yes. Mr. Hart said that the reason Arlington has a good ratio of police officers per 1,000 population is because it recently received a grant that allowed them to hire 30 police officers, he said that Grand Prairie applied for a grant and if we receive it will be able to hire 11 police officers. Chief Hill said we should know in September whether we get the grant. Mr. Hart explained that 65% of the General Fund is Public Safety. He said that in a lot of cities you will hear Council Members saying don't cut police and fire because it is a political issue they don't know whether there is excess or not. Mr. Hart said from a non political view we don't need to cut but where do you go if you have to cut after you take the fixed cost out of the 35% that is non police and fire there is not much left. Mr. Hart said that one of the reasons that Grand Prairie has been able to keep a balance (public safety vs. parks, development, etc...) is because of the citizens taxing themselves. The sales tax (i.e. park sales tax, crime tax, baseball tax and senior sales tax) that the citizens voted for has allowed us to do things we would not have been able to do and if the citizens didn't want medians mowed and the City to look good he didn't think they would have voted for PIDs either. Council Member Jensen stated that one of his HOAs, the Grand Peninsula spoke to him about building a community center and park themselves.

2. General Fund - Budget Director Kathleen Mercer started by thanking the Finance and Government Committee for there work on the budget this year. Ms. Mercer presented a briefing on the General Fund. The following was briefed:

- General Fund Challenges
 - Property Value decrease of 3.02% (\$1.4M)
 - TIF Reimbursement increase of 2.8% (\$119K)
 - Sales Tax decrease of 6.41% or (\$1.3M)
 - Towing, Auction, and Municipal Court Fees decrease of 11.5% (\$701K)
 - Interest Earnings decrease of 50% (\$500K)
- General Fund Remedies
 - Deleted 20 FT & 2PT Positions a savings of (\$1.2M)
 - Decrease in Fuel by 17% or (\$209K)
 - Fund TMRS from 16.5% to 17.46% (448K)
 - Savings in Property Liability and Worker's Comp by 52.5% (\$369K)
 - Civil Service employees who are eligible will get 5% Step
 - Below the line funding for Lump Sum of \$1,500 for full-time employees
- General Fund Results
 - Funded increases TMRS and Civil Service Step
 - No Health Insurance increases to City or Employees
 - Lump Sum of \$1,500 (gross) for full time employees funded with one-time monies a total of \$1.5M

- Year End Surplus of \$500K
- General Fund Revenues
- General Fund Summary Expenditures
- General Fund History
 - 1999 vs 2009
 - What does it Cost?
 - One Police Beat
 - Fire Engine and Staff
 - Ambulance and Staff
 - Street Sign
 - Signal Light
 - Street Light
- Future City Wide Challenges
 - Legislative Actions
 - Revenue Caps
 - Workforce
 - Competitive Salaries
 - TMRS Phase In Plan
 - Retiree Payouts
 - Payment Plan for Other Post Employment Benefits (OPEB)
 - Inflation/Slowing Economy
 - Sales Tax
 - Continued Slow Residential Growth and Flat Valuations

Mayor England inquired as to why there was decrease in ticket count. Chief Hill said there are a variety of things but the major reason is less people are driving and this is probably due to the price of fuel and with less people driving you have less accidents and less traffic violations. Council Member Jensen commented that according to NTTA fewer miles are being driven than in previous years.

3. Police Presentation – Chief Glen Hill gave a briefing on the following topics:

- Cop Logic
 - Total Police Reports 36,515
 - Cop Logic Reports 1,886 (5.2%)
 - Estimated Man Hours Saved by Citizens Self Reporting 1,414.5
- Communications/Incoming calls
 - 150,022 911 calls
 - 132,964 non-emergency calls
 - Total call volume 282,986 calls
 - Patrol Calls for Service 121,855
 - Averages 776 incoming calls per day
- Detention & Property
 - Items Booked into Property Room 59,968
 - Items Released from Property Room 183,281
 - 7,591 Inmates Average Stay 5.69 Days

- Part I Crimes
 - Burglary 2,082 (+305 or 17%)
 - Theft (includes BMV) 4,743 (+254 or 5.6%)
 - Auto Theft 1,123 (-185 or -14.2%)
 - Aggravated Assaults 271 (-20 or -7.3%)
 - Robbery 194 (-21 or -9.7%)
 - Rape 52(+3 or 6.1%)
 - Murder 7 (-1 or -12.5%)
- Narcotics
 - Felony Cases Filed 361
 - Value of Narcotics Seized \$769,171
 - Asset Seizures (property/cash) \$1,084,572
 - 2009-10 Retirees
 - Chris Clinton (June 30, 2010)
 - Tanara Martin (September 30, 2010)
- Traffic
 - 48,230 citations issued
 - 447 DWI arrests
 - 223 DUI Under Age
 - 3,665 Traffic Collisions
 - 836 Major (injury) Collisions
 - 12 Traffic Related Fatalities
- Eligible to Retiree in 2010
 - Chief
 - Deputy Chief (3)
 - Lieutenant (5)
 - Sergeant (6)
 - Police Officer (26)
 - Civilian Staff (9)
- Five Year Projection of GPPD Employees Eligible to Retire
 - 2010 (50)
 - 2011 (8)
 - 2012 (7)
 - 2013 (13)
 - 2014 (5)
 - 5 Year Total **83**
 - 25.6% of the Department
- Next Five Years
 - All Executive Staff
 - 7 of 8 Lieutenants
 - 14 of 22 Sergeants
 - 39 of 183 Police Officers
 - 19 of 107 Civilian Staff
- New Hires
 - Last two years 21 Officers hired
 - 17 of those hired are currently employed
 - 19% attrition in the first two years of employment

- 2009-10 7 Police Officers hired (including 3 who started 09-23-2010)
- 2010 Marks the End of an Era
- New Public Safety Building A New Era Begin
- Lake Parks Station – Police and Fire Partners in Public Safety
- Awards and Accomplishments
 - Office of Juvenile Justice and Delinquency Prevention
U.S. Department of Justice
 - 2010 Law Enforcement Agency of the Year Honorable Mention
 - IMPACT Grand Prairie
 - Education
 - Enforcement
 - Prevention
 - Community Partnerships
- Education Shattered Dreams
- Grand Prairie High School May 4, 2010
- Enforcement
 - Sting operations targeting retail sales of alcohol to minors
 - Party Patrol
- Prevention
 - Alcohol/Drug SRO's
 - Party Intelligence and Prevention
 - First Offender Program
- Community Partnerships
 - Impact Grand Prairie
 - Schools
 - Churches
 - Civic Clubs
 - Local Government
 - Courts
 - TABC
- TCLEOSE PUBLIC SERVICE AWARD
- TCLEOSE VALOR AWARD
- Police Department On-line Weekly News Letter
- GPPD Returns to the Black and White in 2010
 - Record shows dump a lot of white on our Black and White!
 - And cause record amounts of damage

Chief Hill opened by saying that the Police Department had purchased and installed an Online Reporting System, Cop Logic. Chief Hill stated that this program has generated savings in time and allowed the police department to better reallocate resources to proactively face crime trends and better meet the needs of the community. Mr. Hart asked Chief Hill to explain how the Grand Prairie Police Department counts crime. Chief Hill said that the Grand Prairie Police Department counts reported crime. Chief Hill said that some other cities interpret the guidelines on how crime is to be counted differently (i.e. crimes known to police). Mayor England said that it is admirable but when you look at "D Magazine" and the way they rate cities with our crime statistics it makes us look bad. Mr. Hart said that large cities can not compete under the "D

Magazine" rating system. Mr. Hart said that some of the small towns that "D Magazine" rate as great we have neighborhoods with the same population and if you took the statistics for them they would be great. There was a discussion between the Council and Staff on the police staff eligible to retire. Mr. Hart asked Chief Hill to outline the hiring process. Chief Hill said after passing the Civil Service Exam the applicants must undergo a physiological exam then an extensive background check which usually takes two to four months, the Police Academy is 22 weeks then field training 21 weeks so it is about 10-11 months before an officer is ready for duty. Chief Hill told the Council that over the last two years we hired 21 officers of which 17 are still employed giving us an attrition rate of 19%. Chief Hill said that we've applied for a grant, if approved we will be able to hire 11 officers. Council Member Jackson asked if she could get a replica of the new black/white police car for her archives. Chief Hill said yes.

4. Fire Presentation – Chief Clif Nelson gave a briefing on the following topics

- Incident rehab set-up during extreme weather conditions, fire or other incidents lasting in duration of 30 minutes or longer
 - labor intensive incidents
 - Ambulance to be dispatched
 - Companies will be cycled through regularly during incident
 - Personnel are evaluated and vitals taken by assigned ambulance staff
 - Rehab set-up away from incident to allow for cool down and rest
 - Personnel return to incident once cleared by rehab crew
 - Reduce Injury due to exhaustion/heat
- INJURY/ILLNESS PRVENTION
 - 85% of department participates in City's wellness program
 - Flu shots are provided at no cost and administered by staff
 - 83% participation in flu shot
 - 25% participation in H1N1
 - Allotted time daily for exercise
 - Co-pay for physical reimbursements discontinued, low participation
- WORKER'S COMP INJURIES FYTD 2009
 - Arm/Hand/Finger x 3
 - Foot/Knee x 4
 - Short-Term x 2
 - Limited Duty Days = 178
 - Lost Work Days = 190
- INJURY/ILLNESS PREVENTION
 - Future request to consider annual physical requirement at an estimated cost of \$500 per person
 - EKG
 - BLOOD WORK
 - STRESS TEST
 - 3 YEAR ROTATION TO REDUCE COSTS
- TYPES OF ILLNESSES FYTD 2009
 - Back x 4
 - Diverticulitis x 3

- Shoulder x 3
- Hand/Foot/Knee x 3
- Dependent Surgeries x 2
- Groin/Pelvic x 2
- Tumor x 1
- Cancer x 1
- Other x 2
- RETIREMENT ELIGIBILITY
 - 24-29 YEARS OF SERVICE
 - Assistant Chief - 1
 - Battalion Chief - 1
 - Captain - 6
 - Lieutenant - 10
 - Driver - 3
 - Firefighter - 5
 - 30 & OVER YEARS OF SERVICE
 - Chief - 1
 - Assistant Chief - 1
 - Captain - 1
 - Lieutenant - 7
 - Driver - 7
- BY THANKSGIVING 2010, 28 PROMOTIONS WILL TAKE PLACE
 - OFFICER RETIREMENT ELIGIBILITY
 - 4 OUT OF 6 CHIEFS OR 66%
 - 7 OUT OF 11 CAPTAINS OR 63%
 - 17 OUT OF 36 LIEUTENANTS OR 47%

Chief Nelson started off by saying that this year we have had an unprecedented number of promotions, there will be a total 28 promotions in the department by Thanksgiving. Council Member Shotwell asked when the Chief was talking about annual physical exams was he talking about mandatory exams. Chief Nelson answered yes. Council Member Jackson asked what church was in the picture on the last slide. Chief Nelson said that he didn't know but would try to find out for her. Council Member Jackson said that was okay she would find out. Council Member Jensen asked Council Member Jackson to let him know what she found out. Mayor England asked Chief Nelson if an ambulance is planned for Station 7. Chief Nelson explained that an ambulance (unit 77) was originally scheduled for Station 7, it was put at Station 5 temporarily but due the current call volume it can't be moved. He further stated that there is no ambulance with a low enough call volume at this time that we can move. Mayor England said that he didn't know until the ribbon cutting at Station 7 that it wasn't going to have an ambulance. Mr. Hart informed the Mayor and Council that we plan to put an ambulance at Station 7 in one or two years. Council Member Swafford said that he agreed with the Mayor that we need a full time ambulance at Station 7. Council Member Giessner asked what the cost would be to add an ambulance. Chief Nelson said that the total cost would be about \$771K (\$584K for staff and \$187K for equipment). Mr. Hart said that we would need to look at redistributing funds. Council Member Swafford said that TIFF3 allows for the use of funds for operations and suggested that funds from TIFF3 be used. Mr. Hart said that was a good idea and we would look at it.

5. Water Wastewater Fund (WWW) - Deputy City Manager Anna Doll presented a briefing on the Water Wastewater Fund. The following topics were covered.

- WWW Fund Forecast
- Calculation of Coverage
- FY11 Water/Wastewater Rate Proposal
- Changes Since 2009
 - Variable Changes
 - Fixed Changes
- Monthly Charges for Residential Usage 3,000 Gallons
- Monthly Charges for Residential Usage 8,000 Gallons
- Monthly Charges for Residential Usage 25,000 Gallons
- Monthly Charges for Commercial Usage 43,000 Gallons
- Monthly Charges for Commercial Usage 161,000 Gallons
- FY11 Late Fee Proposal
 - Late Fee Survey
 - Why a Late Fee
 - Grand Prairie Late Fee Proposal
 - Revenue Estimates
 - Proposed Presentment

Council Member Swafford asked what percent of the fixed charge have we experienced and how much do we think we are going to experience in the future? Public Works Director Ron McCuller said that about 75% of the cost is fixed and we are not expecting much deviation in the future. Council Member Swafford asked why we are using different cities in the water survey than the ones the City Manager used in his presentation. Ms. Doll explained that these cities are the cities which we are competing with for water. Council Member Hepworth stated unless the next slide says Chicago he didn't think there was a problem. Council Member Jackson said that she receives numerous telephone calls from citizens regarding the flushing of the fire hydrants and why the City doesn't recycle the water. Ms. Doll said that the City Manager's Office gets a lot of calls too on this subject, so about two years ago we started working with other cities that were having a similar problem to address the issue to Dallas. She further stated that the City of Dallas has developed a capital improvement project to address the issue. Mr. McCuller explained to the Council what Dallas is planning to do. Ms. Doll said that we would put the information in our pipeline newsletter. Council Member Jackson inquired about the long term forecast for the cost of water. Mr. McCuller said that several years ago he informed the Council that by 2010 the metroplex would run out of water but since then several things have happened such as: new water sources and a state mandated water conservation program. Mr. McCuller explained that because we don't have a water treatment plant when the water losses it disinfectant we have no choice but to flush the fire hydrants to make room for fresh water. Council Member Jackson asked when we buy water from Dallas and it comes in old why can't we treat it ourselves. Mr. McCuller explained it is cheaper to retrofit the Dallas Plant than to build and operate a treatment plant of our own.

6. Hotel Motel Fund - Deputy City Manager Anna Doll presented a briefing on the Hotel Motel Tax Fund. The following topics were covered:

- State HTMT Tax Revenues
- Grand Prairie Hotel Motel Tax Revenues
- Hotel/Motels in Grand Prairie
- 2010-2011 Hotel Motel Tax Fund Summary
- Super Bowl Adjustments

Ms. Doll briefed Council that there has been a decline in the Hotel Motel Tax Revenue. Ms. Doll stated the decline is primarily due to the economy (people aren't traveling as much as in prior years), but one major hotel did closed and another filed for Chapter 11 bankruptcy. Ms. Doll said we will be reducing expenditures in FY11 and the reductions are the following: reduction of \$146,500 to line items, reduction of \$11,550 to outside agency allocations and a reduction of \$125,000 to the transfer to the Hotel Motel Building Fund. Ms. Doll informed the Council that the cuts would have been deeper but we do anticipate about \$70,000 in revenue from the Super Bowl.

Ms. Doll told Council that since the FY11 Proposed Budget was presented to them on August 17th we have added \$50,000 to the Cable Fund for the one-time purchase of equipment.

7. Development - Deputy City Manager Tom Cox presented a briefing on the Development in the City. The following was presented:

- Local Sales Tax Down 2.4% from same time last year
- Property Values Down 3%
- Components of Sales Tax Trend
- Economy: Local, Regional, National
- Planning Departments Case Load (2005 – Present)
- Building Inspections FY 2001 - Present
- New Single Family Starts FY 2001 - Present
- SH 161
 - January Lane Connection to 161
 - Arkansas Lane Extension
 - Warrior Trail
 - Lake Ridge Parkway Extension
- Lake Ridge Parkway Widening
- Lynn Creek Pkwy Extension – SH 360 to Lake Ridge Pkwy
- Access roads I-30 and I-20
- Central Park
- Public Safety Building
- The Summit
- Lake Parks Rescue Facility at Lake Ridge Parkway
- Market Square – Farmers Market
- Main Street Façade Program

- Gas Drilling
- JPS, Parkland, Dallas County Branch
- Mountain Creek Industrial Center

Mr. Cox said year to date the sales tax revenue is down 2.4% from prior year but in the last few months it has been trending upward. Council Member Shotwell asked when the access roads for I-20 and I-30 are going to start. Mr. Cox said in 2011. Council Member Shotwell asked if the money was in the budget. Mr. Cox answered yes. Council Member Swafford reminded the Council that on September 9th the CIP Budget will be presented and reviewed.

Mayor England said that he saw an ad in the newspaper for a public hearing on August 31st on gas well drilling. Water Inspections Manager Cindy Mendez explained that the purpose of the meeting is to take comments on the ordinance we will not be discussing moratoriums or other items. Ms. Mendez said that the City has contracted a third party moderator to conduct the meeting. Council Member Jackson asked where and when this meeting is going to take place. Ms. Mendez said the meeting is going to be at the Ruthe Jackson Center from 7-9 p.m. on August 31st. Ms. Mendez added that the moderator suggested that Council not attend. There was a discussion between the Council and Staff on the gas well lease with Chesapeake. Mayor England said he wasn't sure they had a lease with us. Mr. Cox said that he thought the lease had expired. Ms. Mendez said that the information she has is that Chesapeake plans to start drilling the third week of September. Mr. Cox said that he would get with Bob O'Neal, the IT and Economic Development Director regarding the matter.

Council Member Swafford inquired to why there are seismometers at Tangle Ridge Golf Course. Ms. Mendez said that is a question for Romin Khavari, the City Engineer. Mr. Cox said that they are to be setup on right of ways not on the Golf Course. Council Member Swafford said that they are setup about every 100 yards on the golf course. Mr. Cox said that he would check it out. Mr. Cox stated that many home owners think that land between the curve and sideway is their property but it is not, it is the City's right of way property therefore, to avoid conflicts with homeowners in the future the seismometers will be placed in the gutters. Mr. Cox informed the Council that the Federal Government will give the buyer of Mountain Creek Industrial Center \$12 million for clean-up. Mr. Cox further stated that \$12 million may not be enough that is why there is very little interest by developers for this land.

8 Employee Insurance Fund – Human Resources Director Lisa Norris and Human Resources Specialist Melanie Van Cleave gave a presentation on the funding issues and recommendations for FY11 for the Employee Insurance fund. Topics covered were:

- Insurance Fund – Healthy as Ever!
 - FY2010 projected year-end active claim costs estimated at \$1M below budgeted
 - Retiree year-end costs projected to be near budgeted
 - IBNR Reserves actuarially funded and required amounts continue to fall
 - OPEB (retiree reserves) funded
- Employee Insurance Fund Summary

- What we have done.....
 - Administered 618 flu shots in 2009
 - 321 employees participated in Walk Across Texas
 - Over 600 attended our Employee Health Fair
 - 1087 employees, retirees and spouses completed a biometric screening in 2010. 93% of those completed the Health Risk Assessment.
 - 41 employees completed a *Healthy Heart* cardiovascular exam
- What we have planned.....
 - No change to “full accrual” rate for Employee and City contributions
 - Premium discounts for employees:
 - Employees who completed WOW! Program requirements by Oct 1, 2010 will receive \$30/month off 2011 contributions
 - Employees with Spouse on plan whose spouse completes WOW! Program requirements by Oct 1, 2010 will receive an additional \$20/month off 2011 contributions
 - Total possible discount = \$50/month off 2011 contributions
- What happened January 1, 2010.....
 - Increased lifetime max to \$2,000,000
 - Hearing aids covered up to \$5,000 every three years
 - Americans with Disabilities Act expansion
 - Not part of durable medical equipment
 - Increased durable medical equipment benefit to \$5,000
 - No restrictions on mental health benefits
 - Mental Health Parity and Addiction Equity Act of 2008
 - Adjusted Emergency Room benefits
 - Heavy communication on appropriate use of ER
 - Included education on additional no cost/low cost options available to employees
 - Nurseline
 - Primary Care Physician
 - Urgent Care
- Healthcare Reform
 - Patient Protection and Affordable Care Act (PPACA) enacted March 23, 2010
 - Gradual changes each year beginning January 1, 2011
 - City of Grand Prairie is “Grand-fathered” –
 - A group health plan that was in existence on the date of the enactment of Health Care Reform and makes no significant changes
- What to Expect
 - Current
 - January 1, 2011
- What This Means in 2011...
 - Potential for more risk in claims dollars
- Increase to Stop-loss premiums – an *industry-wide effect*
- Highlights Beyond 2011
- 2012
 - New Form W-2 Reporting
- 2013

- Cap on Flexible Spending Account contributions of \$2,500 (currently \$10,000)
- 2014
 - No pre-existing condition exclusions for ALL participants
 - Most individuals will be required to get health coverage or pay a penalty. Health insurance exchanges will be created to help people meet these individual responsibility requirements
 - No lifetime or annual limits

Ms. Norris presented a briefing on the financial status of the Health Insurance Fund. Ms. Van Cleave gave a presentation on Health Care Reform. Council Member Shotwell asked if we had pre-existing condition exclusions. Ms. Van Cleave explained that we have it on our PPO Plan (Silver and Bronze Plan) but not the HMO Plan (Gold). Ms. Norris stated that there is no pre-existing exclusion for pregnancy. Ms. Van Cleave explained that by 2014 there will be no pre-existing condition exclusions for all participants and dependents under the age of 19.

9. Pay Plan – Human Resources Director Lisa Norris gave a presentation on the FY10/11 Pay Plan. Topics covered were:

- Civil Service Pay Plan
 - 5% Step on Anniversary Date unless Topped Out
 - No Pay Structure Adjustment in FY11
 - \$1,500 Lump Sum
- Non Civil Service Pay Plan
 - No Pay Structure Adjustment in FY11
 - \$1,500 Lump Sum
- Additional Changes
 - Effective 10/1/09 – 25 Positions Cut from the Budget
 - The City Facing Internal Compression due no Salary Increases for last 3 years
 - Special Effort Made to Maintain Internal Equity
- Metroplex Cities Comparison

Mr. Hart asked Ms. Norris if the information on slide 6 is FY10 or FY11. Ms. Norris said that it should be FY11. Mr. Hart said that the information for Garland and Mesquite is the same as FY10. Council Member Shotwell said the information for Dallas is corrected. Ms. Norris said that she would check on it. Council Member Swafford stated that Grand Prairie is the only city in the survey giving a lump sum instead of a merit and FY11 will be the third consecutive year that no merit was given. Council Member Swafford further voiced his concern that we remain competitive. Mr. Hart said that we have worked hard to remain competitive and with the current economy not many cities are moving in the pay plan. Mr. Hart said that this is something we have been watching and will share the current survey information with him.

10. Texas Municipal Retirement System (TMRS) – Deputy City Manager Anna Doll briefed. Topics covered were

- What is TMRS
- GP Current Key TMRS Benefits
- Funding Issue Identified by TMRS
- City Contribution
- Full Rate GP vs. Other Cities
- Staff Recommendations

Council Member Hepworth asked if the reason the TMRS is increasing is because we are trying to catch-up. Ms. Doll answered yes. Council Member Swafford stated that with the upcoming retirements of baby boomers and people living longer TMRS will continue to increase. Mr. Hart stated that there a legislative change and if passed it will reduce the TMRS rates. Council Member Swafford asked what kind of legislative change will change the rates. Mr. Hart said one of the things is the way they invest the funds. Ms. Ortiz explained that the funds are separated into different funds the TMRS Municipal Accumulation Fund (MAF), Current Service Annuity Reserve Fund (CSARF) and the Employee Savings Fund (ESF). Each fund is invested separately. Council Member Swafford said that if they combine the three funds then they can get better rates thus yielding better returns. Ms. Doll said that is correct and if the legislative change is passed then it will allow them to do that. Council Member Shotwell asked Council Member Giessner if the supplemental death insurance was a good deal. Council Member Giessner explained that it is cheap, however; it has many exclusions. Ms. Doll said that the City provides basic life (two times salary) for active employees and TMRS provides basic life of one time base salary for actives and \$7,500 for retirees. Council Member Shotwell asked how much the City would save if they dropped the TMRS basic life. Ms. Doll said about $\frac{1}{2}$ of one percent. Council Member Swafford said that is neither the problem nor the solution. Mr. Hart said that one of the easy fixes is to drop COLA for retirees but there is a long term impact on retirees that needs to be addressed before this can be done.

Mr. Hart thanked the Budget Staff for their work on the budget this year.

Council Member Jackson asked for permission to take pictures of Council and Staff.

II. ADJOURNMENT

Mayor England adjourned the meeting at 3:40 p.m.

Patricia Alexander
Senior Financial Analyst
Budget and Research Department