

Health Insurance Review

Council Work Session May 25, 2023



FY 2023-24 Budget Development

Trends in Healthcare

- Since 2014, the number of members on the City's health plan has decreased by 5%
 - However, over that same time costs have increased 5% annually
 - Total spending is in excess of \$43 million annually
- Changing demographics as 60% of health plan members are millennials or younger
- Social determinants of health
- Enhance incentives for wellness programming
- Increase Fertility and family building support

FY 2023-24 Budget Development

Consumer Driven Health Plans (CDHP)

- An additional option for employees beginning January 2024
- CDHPs have lower employee contributions (premiums), but higher deductibles and out-of-pocket maximums
- City contributes \$500/\$1,000 annually to fund employees' health savings accounts (HSA)
- Contributions to HSAs are deductible from taxable income
- HSA funds:
 - can be invested and the gains are not taxed
 - can be spent tax-free on qualified expenses
 - rollover from year to year (no use it or lose it)
 - are portable to other employers

General Fund Overview



General Fund Revenues

Total: \$399.7 million

\$27.1 million, 7.2% increase

	FY 23-24 Budget <i>millions</i>	% Change
Property Taxes	\$234.1	8.5%
Sales Taxes	\$86.4	9.7%
Intergovernmental	\$34.1	1.0%
User Charges	\$24.1	3.0%
Other	\$8.6	0.4%
Interfund Transfers	\$6.4	0.0%
Fund Balance	\$6.1	0.9%



- Property 59%
- Sales 22%
- Intergov 9%
- User Charges 6%
- Other 2%
- Interfund 2%
- Fund Balance 1.5%

FY 2023-24 Budget Development

Primary General Fund Revenues

Property Tax **\$234.1 million**

- \$18.4 million, 8.5% higher than current year revised budget
- \$37.3 billion in assessed value, 1.75% growth

Sales Tax **\$86.4 million**

- \$7.7 million, 9.7%, higher than revised FY 22-23 budget
- Distribution loss of \$3 million
 - 7.5% growth over current year estimates
 - Includes \$2 million to support Transit Fund
 - Total Sales Taxes = \$88.4 million

FY 2023-24 Manager's Recommended Budget

Tax Rates

Property Tax Estimates

- City property taxes only at recommended rate

Home Value	Current Tax Rate	City Property Taxes
\$150,000	63.25	\$945
\$250,000		\$1,581
\$350,000		\$2,241
\$400,000		\$2,530

Home Value	Proposed Tax		Annual Difference
	Rate	City Property Taxes	
\$150,000	67.25	\$1,009	\$64
\$250,000		\$1,681	\$100
\$350,000		\$2,354	\$113
\$400,000		\$2,690	\$160

FY 2023-24 Budget Development

Primary General Fund Revenues

Intergovernmental \$34.1 million

- \$299,685, 0.9%, increase from current year revised budget
- Electric utility, natural gas, and others projected to have limited growth
- ABC Profit Distribution projected to remain at \$5.2 million

User Charges \$24.0 million

- \$685k, or 3% compared to FY 22-23
- Includes:
 - Development services increases
 - Maintain 80% cost recovery
 - Increases to Solid Waste Fees
 - Transfer Station and Commercial/Demolition Tipping Fees
 - Commercial Recycling Dumpster Service

General Fund Expenditures

Total: \$399.7 million

\$27.1 million, 7.2% increase

	FY 23-24 Budget	% Change
Personnel	\$236.1	8.2%
Maintenance & Operations	\$98.9	6.6%
Debt Service	\$41.6	3.7%
Interfund Transfers	\$21.7	9.3%
Capital	\$1.3	-16.0%



■ Personnel 59% ■ M & O 25% ■ Debt 10% ■ Interfund 5% ■ Capital 0.3%

General Fund Expenditures

Primary Cost Drivers

Personnel

4% Base Wage Increases	\$5,250,000
Police 10.6% Adjustments	\$3,520,000
Fire 4% Adjustments	\$1,100,000
4% Average Merits	\$1,650,000
Retirement Contribution Increases	\$3,000,000
Mid-year Positions and Reclassifications	\$775,500
Development Services Positions	\$930,000

\$16.2 million

Maintenance & Operations and Transfers

Economic Development Incentives	\$1,860,000
Transfers to Other Funds	\$1,900,000
Debt Service Increase	\$1,500,000
IT Maintenance & Software	\$900,000
Inflation Related Increases	\$700,000
Landfill Tipping Fee Increase	\$500,000
Fire SCBA Replacement	\$400,000

\$7.7 million

FY 2023-24 Budget Development

General Fund Expenditures

Personnel \$236.1 million

- \$17.9 M, or 8.2% increase over FY 22-23
 - 4% base adjustments implemented in February 2022
 - 10.6% Police adjustments
 - 4% Fire adjustments
 - 4% Average Merits and General Steps
- 25.5 FTEs for Mid-year Additions & Development Services
 - -30 FTEs: Vacant Police Patrol Positions
 - -4.5 FTE net change

FY 2023-24 Budget Development

General Fund Position Change Summary

	Positions	FTEs	Position Value
Development Services	Planning 3 FTEs: Zoning Code Enforcement (1), Planner(1), Planner Tech (1) E&I 3 FTEs: Construction Coord (1), Electric Plans Examiner (1), Electric Trades Inspector (1) Transportation 2 FTEs: Civil Engineer (2) Fire 4 FTEs: Fire Plan Review Supv (1), Fire Plan Reviewer (1), Construction Inspector (2)	12	\$1,100,000
Public Safety Positions	Sr. Fire Inspectors (5), LEADS Coordinator (1), Community Outreach Manager (1)	7	\$510,000
Community Programs	Code Compliance Field Supervisor (1), Community Impact Manager (0.5), Senior Planner (1)	2.5	\$240,000
Organizational Support	Legislative Admin Support (1), Intergovernmental Affairs Manager (1), Grants Manager (1), IT Server Admin (1)	4	\$400,000
		25.5 FTEs	\$2.5 million

FY 2023-24 Budget Development

General Fund Expenditures

Maintenance and Operations \$98.9 million

- \$6.1M, or 6.6% increase over FY 22-23
 - Inflation and contracts costs – security mowing, operating supplies, fuel - \$800,000
 - Publix ED incentive 1st year - \$1.8 million
 - IT services and contracts - \$1.2 million

Debt Service \$41.6 million

- \$1.5 m increase or 3.7%
 - Continues funding for 2016 and new 2022 bond issuances
 - Includes funding to support debt service reserve

Transfers to Other Funds \$21.7 million

- \$1.9M, or 9.3% increase over FY 22-23
 - Increased support for GM911 of \$1.5 million
 - Funding for Cycle 4 PB Projects

Other Major Funds Overview



FY 2023-24 Budget Development

Other Major Funds

	<u>FY 22-23</u>	<u>FY 23-24</u>	<u>% Change</u>
	<u>Budget</u>	<u>Budget</u>	
	(millions)	(millions)	from FY 22-23
Water Resources	\$148.6	\$165.7	11.5%
Coliseum	\$67.7	\$72.8	7.8%
GTA	\$28.1	\$31.4	11.8%
Solid Waste Disposal	\$17.3	\$19.5	12.7%
Guilford Metro 911	\$13.6	\$15.2	12.1%
Nussbaum	\$3.8	\$3.9	1.1%



FY 2023-24 Budget Development

Other Fund Highlights

Water Resources \$165.7 million

- \$17.2 million, or 11.5%, higher than FY 22-23 budget
 - 8.5% average rate increases for inside and outside customers
- 3 FTEs for Development Services enhancement
- 10 additional FTEs – crew members, lab coordinator, plans reviews

Coliseum and Tanger \$72.8 million

- \$5.2 million or 7.8% increase
- Proposed General Fund budget includes \$3.4 million transfer to support Coliseum
- Tanger projected to be self-supporting
- One additional FTE from conversion of part-time to full-time staff

FY 2023-24 Budget Development

Other Fund Highlights

Transit \$31.4 million

- \$3.3 million , or 11.7%, higher than FY 22-23 budget
- The budget includes General Fund sales tax support totaling \$2.0 million

Solid Waste \$19.4 million

- \$2.2 million , or 12.7%, higher than FY 22-23 budget
- The FY 23-24 budget includes transfer tipping fee increases
 - Additional fees to support cost increases and over \$1 million in maintenance needs

Parking Operations \$7.5 million

- \$3.6 million in General Fund support for long-term debt services cost associated with new assets, this will continue in FY 23-24
- Eugene Street deck is open, February One deck estimated completion late Summer

Fund Sufficiency Update



City Council Strategic Goals Update

- 🌿 Bring the General Fund and Debt Service Fund fund balance to 25% of our annual General Fund expenditures within 5 – 7 years (by 2030)

Initiatives

Work Toward Fund Balance Improvement Over Time

Achieved 18% in FY22, down from 22% in FY20 and FY21; Expect to increase to approx. 20% in FY23

- New fund balance policy adopted in FY 21-22 to match LGC target
- Maintains “super” majority vote for appropriation of fund balance
 - 7 of 9 votes needed for General Fund use
- FY23 – 24 recommended budget includes strategy to help meet goal
- Council reviews status of fund balance plan annually

Greensboro Available Fund Balance Trends

Trending between 21% - 23% over past 5 years

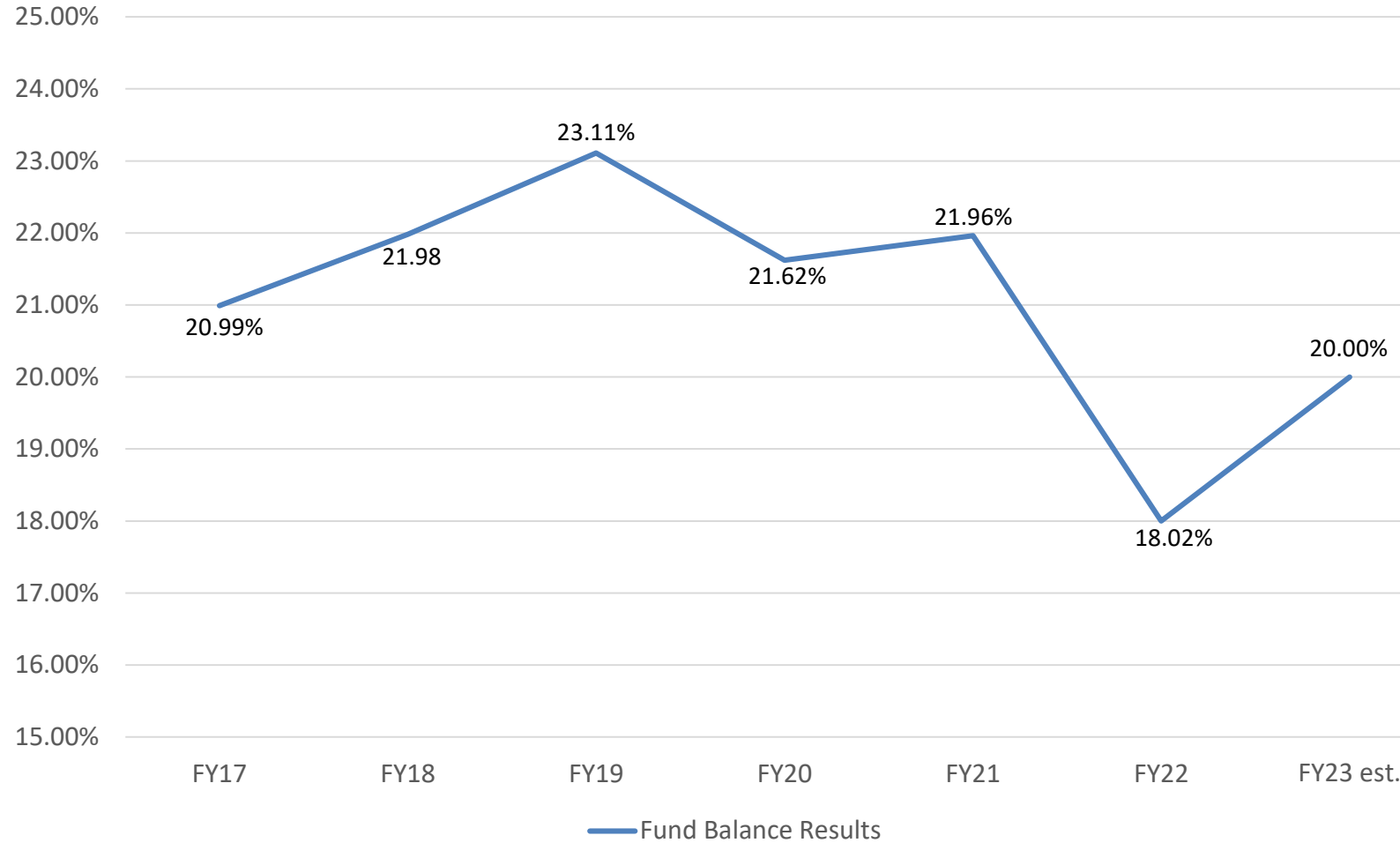
Reduced to 18% in FY2022, due to planned debt service funding for 2016 referendum

LGC minimum target is 25%

Recent actions to build fund balance

- Adopted new fund balance policy
- Growth due to revaluation supports debt
- Additional \$1.5 million fund balance support included in Manager’s Recommended FY2024 Budget

Fund Balance as % of General Fund Expenditures



Fund Balance Comparison to Peers

- Method Used by Rating Agencies for Credit Review
- LGC Financial Performance Indicator

Unit	Population**	FY 2019	FY 2020	FY 2021	FY 2022
<i>MUNICIPALITIES:</i>					
Winston-Salem	249,545	27.12%	28.79%	38.43%	45.78%*
Durham	283,506	48.45%	47.62%	40.19%	40.26%*
Greensboro	299,035	23.11%	21.62%	21.96%	18.02%
Raleigh	467,665	51.71%	85.43%	99.72%	99.58%
Charlotte	874,579	56.52%	45.08%	42.81%	42.60%*
High Point	114,059	26.43%	24.97%	29.13%	26.94%*

Source: LGC Report

* Estimated from Annual Comprehensive Financial Report

** US Census, 2020

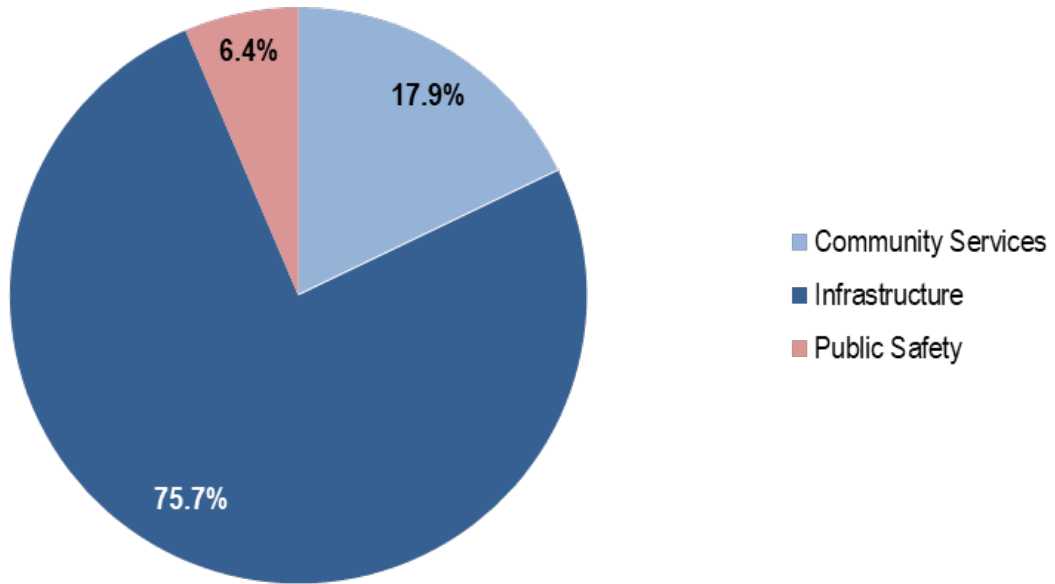
Capital Planning Update



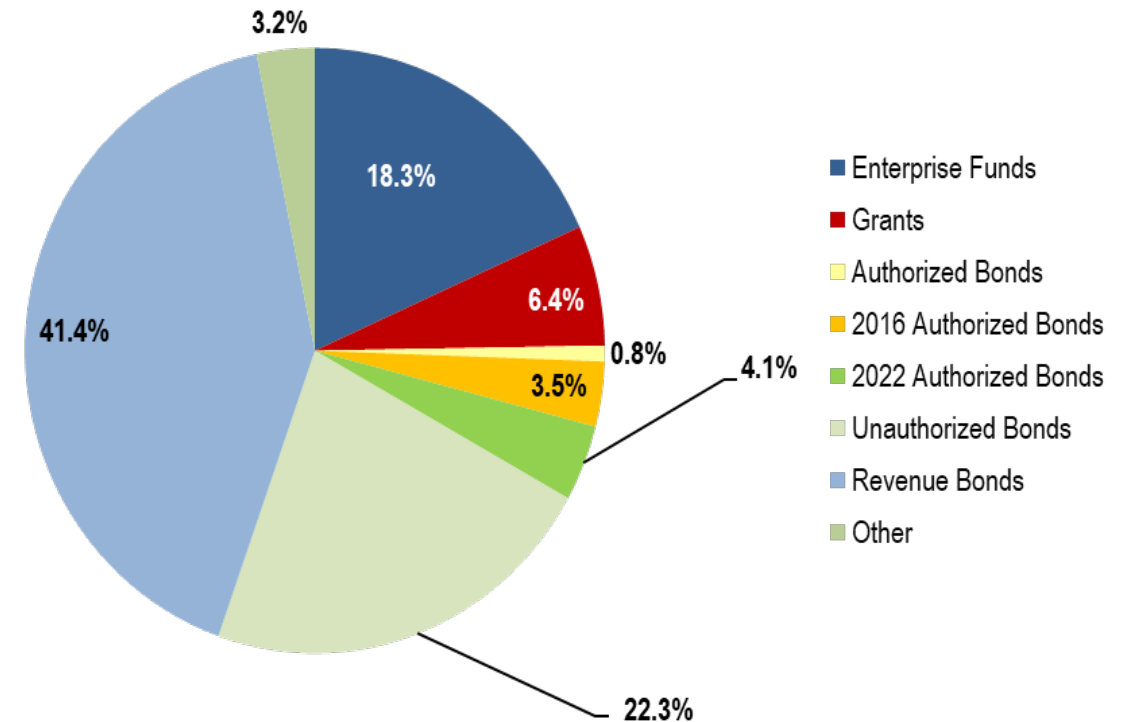
10 Year CIP Summary

\$2,066,258,329

Expenditures by Service Area



Funding Sources



Recent Debt Issuances and Planning

\$135 Million 2022 Referendum / \$30 Million Garage Facility / Fire Breathing Equip. / Yard Waste Carts Updated Capital Plan – June 2023

	FY23*	FY24	FY25	FY26	FY27	FY28*	FY29
Bond Issuance:							
2016 Referendum Final Bonds Issued – Oct 2022	\$36M						
2022 Referendum (Phased Bond Issuance) - \$135M	\$47M		\$50M		\$26M		\$12M
Garage Facility – Limited Obligation Bonds (LOBS)		\$30M					
Fire Self-Contained Breathing Apparatus (Bank Loan)		\$2.9M					
Yard Waste Roll Carts (LOBS)		\$4.9M					
Tax Rate Dedicated to Debt Service in Cents (General Fund Transfer)	10.75	10.75	10.75	10.75	10.75	10.75	10.75

* Revaluation Effective (Possible in FY27 if changed by Guilford County to 4 year cycle)

2022 Bond Referendum - \$135 Million Project Updates

Parks & Recreation (\$70 Million)

- Windsor-Chavis-Nocho Joint Use Facility - \$50 million (Design in progress)
- Battleground Parks District – Greensboro Science Center - \$20 million (Design of Rainforest Biodome/Aquatic Rehab Center in progress)

Housing (\$30 Million) for Housing GSO Plan

- Affordable Rental Units (\$5 million committed to Community Foundation for Greensboro Loan Fund)
- Access to Homeownership
- Neighborhood Reinvestment

Firefighting Facilities (\$14 Million)

- Renovations to Several Fire Stations (Pisgah Church Rd, Coliseum Blvd., W. Gate City Blvd., Summit Ave.)
- (Station #14- 3633 Summit Avenue in progress---full renovation to begin of facility built in 1972)

Law Enforcement Facilities (\$6 Million)

- Police Headquarters Renovation (Expect contract to be awarded prior to June 30)
- Records Management System (Vendor evaluation and selection in progress)
- Indoor Firearm Range (Contract awarded, project in progress)

Transportation (\$15 Million)

- Sidewalks/Greenway, Roads, Transit – Local match for federal & state grants

Future Needs

- \$432.3 million are unfunded needs
 - Unfunded Infrastructure Largest expenses center around Core Facility/City Infrastructure Maintenance and Renewal
 - Transportation: \$170.9 million
 - Fire: \$98.9 million
 - Parks & Rec: \$90.5 million
 - Field Ops: \$55.3 million
 - E&I: \$15.9 million

Debt Capacity

- Greensboro bond referenda historically held every 5 – 6 years for proposed bond amounts ranging from \$126 million to \$155 million
- Smaller, more frequent voter referenda have certain advantages
 - Allows for better project planning and funding of capital needs
 - Smaller tax rate increases spread out over time
 - Fewer purposes for bonds allow less complex and more strategic information for voters
 - Sitting Council directs bond projects in the near term vs. for planned projects 7 years later
- Next referendum could be as early as November 2025
 - Start issuing new referendum debt in FY 2027

Future Bond Referenda / Issuance Options

New Bond Issuance – 10 Year Planning Horizon		FY25	FY26	FY27	FY28	FY29	FY30	FY31	FY32	FY33	FY34
OPTION 1)											
Nov 2025 Referendum - \$160M		-	-	\$40M	-	\$40M	-	\$40M	-	\$40M	-
One-time tax rate increase	+1.0 cents in FY27										
OPTION 2)											
Nov 2025 Referendum - \$40M	+ 0.375 cents in FY27	-	-	\$40M	-	-	-	-	-	-	-
Nov 2028 Referendum - \$40M	+ 0.375 cents in FY30	-	-	-	-	\$40M	-	-	-	-	-
Nov 2030 Referendum - \$40M	+ 0.375 cents in FY32	-	-	-	-	-	-	\$40M	-	-	-
Nov 2032 Referendum - \$40M	+ 0.375 cents in FY34	-	-	-	-	-	-	-	-	\$40M	-
OPTION 3)											
Nov '25, '29, '33, '37 Refer. - \$60M each + 0.50 cents in 2027 only due to length of time between issuances		-	-	\$60M	-	-	\$60M	-	-	-	\$60M

All options include Fund Balance improvement of approx. \$1.5M in FY24, FY25 and FY26

Garage Facility Improvements Update

Council approved Design/CMAR contract awards in March/October 2022

- Reimbursed from planned future bond issuance

CMAR preliminary concept cost for “total” project is \$33.9 million

- Currently working to revise design elements to keep within \$30 million project budget

Timeline to complete design documents and obtain construction bids

- By February 2024

Plan to issue \$30 million Limited Obligation Bonds in April - June 2024

- Accommodated within current tax rate support

Facility completed in approx. 18 months or by September - October 2025

Other Proposed Debt

Fire Self Contained Breathing Apparatus (SCBA)

- PO for \$2.969 million issued in April 2023, allowing for equipment production lead time
- Plan to execute installment purchase agreement and obtain bank financing in October 2023, close to when equipment arrives
- Estimated \$326,000 annual debt service over 15 years, funded from departmental appropriations
- Council actions to approve debt will be requested at 8/15/23 and 9/19/23 meetings

Yard Waste Collection Carts

- Fall 2023 – Spring 2024 Program communication, outreach and education
- Spring 2024 - Solicit bids and procure 96 gallon roll cart containers
- Spring – Summer 2024 plan to issue \$4.9 million Limited Obligation Bonds, funded from various program savings
- Summer 2024 – Container delivery to customers
- Fall 2024 – Program Implementation