


STATE OF CONNECTICUT  
OFFICE OF POLICY AND MANAGEMENT

MUNICIPAL ACCOUNTABILITY REVIEW BOARD

MEMORANDUM

TO: Members of the Municipality Accountability Review Board (MARB)

FROM: Robert Dakers, OPM 

SUBJECT: Tentative Labor Agreement Between the City of Hartford and Local 1716, Council 4, AFSCME, AFL-CIO

DATE: February 5, 2018

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According to Section 367(b)(6) of Special 17-2, June Special Session (the "Act"), the MARB shall have the same opportunity and authority to approve or reject, on not more than two occasions, collective bargaining agreements as is provided to the legislative body of such municipality. The Tentative Agreement (sent out previously and provided in this agenda packet) was reached by the parties on December 20, 2017 and was approved by the Hartford Common Council on January 22, 2018. The term of the successor agreement is July 1, 2015 to June 30, 2021, which has also been provided to you. The prior agreement had a term of July 1, 2011 to June 30, 2015. The 1716 Union primarily includes the City's Maintainer series positions that support the Department of Public Works, waste and recycling, streets, snow removal and parks operations and services. The union also includes all Trades (Painters, Carpenters, Electricians, etc), 911 Dispatchers, Early Learning Center Teachers and Lifeguards. There are approximately 402 (239 Full-time; 163 Part-time/Seasonal) employees in Local 1716.

**Summary of Negotiated Changes in Tentative Agreement**

**Wages.** The wages for the first three fiscal years, starting on July 1, 2015, involve 0% general wage increase, with 2% general wage increases on July 1, 2018 and July 1, 2019, and a 0% for fiscal year 2020-21. Of the 238 full time employees, step movements for the 38 full time employees not at the top step would involve a cost of \$76,000 in fiscal year 2018-19.

**Active Employee Health Insurance.** Effective July 1, 2018, a high deductible health plan (HDHP) will be implemented (\$2,000 for single; \$4,000 for family). The City will contribute to the employee's Health Savings Account 50% of the applicable deductible. Once the deductible is met, everything is paid at 100% except for prescriptions co-pays of \$5, \$20 and \$40 until the maximum out of pocket limit is met. Employees would be able to "buy-up" to the current Preferred Point of Service Plan ("PPO") by paying the difference between what the City is contributing towards the HDHP and the cost of the PPO. That option would sunset on June 30, 2021.

The employee premium share for the plan would remain at 12% for fiscal year 2017-18, and would increase to 13% in fiscal year 2018-19, 14% in fiscal year 2019-20 and 15% in fiscal year 2020-21. The same premium shares would also apply to dental coverage. The Health Hartford Program is

also being implemented, which is similar to the State's Health Enhancement Program (HEP), which would give employees until June 30, 2018 to become compliant with age appropriate health and dental assessment and screenings. Noncompliance would involve an extra charge of \$100 per month until the month following compliance.

**Retirement.** For pension purposes the members of Local 1716 participate in the State's Municipal Employee Retirement System, which requires designated contributions by the municipality and employees each year. In regard to retiree health insurance (the main component of municipal Other Post-Employment Benefits (OPEB) costs), under the current agreement, retirees may purchase, at their own cost, retiree health insurance through the City as specified in the agreement. For those who retiree with at least 25 years of service and age 55 and older, the City provides a \$600 subsidy towards these costs, with the exception being that the City pays the full cost for medical and prescription costs for these retirees from age 62 until the retiree reaches age 65.

For current employees retiring in the future under the new agreement, health insurance for pre-65 retirees would be the same plan as provided to active employees, as such plan is changed from time to time through negotiations, with no employer contribution to the HSA. Current employees, once retired, would no longer be allowed to purchase or remain on the City plan when they or eligible spouse reach age 65 (eligible dependents can remain on until they reach maximum eligibility). New hires would not be able to purchase or otherwise remain on the City's health plan in retirement.

In regard to the payout of accrued vacation time, those leaving City employment, under the new agreement, would get a lump sum payout instead of remaining active in the system and receiving a weekly paycheck and accruing additional vacation, sick days and holiday pay.

**Sick Leave Accumulation and Payout.** The maximum accrual would be 120 days and payout at retirement of 50% or 40 days, whichever is less. These terms compare to 150 maximum accrual in the current agreement and payouts of 50 days or 50%, whichever is greater.

**Family and Medical Leave Act (FMLA).** Family and medical leave would be provided in accordance with federal law; will not run concurrently with worker's compensation absences.

**Overtime.** The agreement indicates that sick leave would not count towards hours worked for the purposes of paying 1 and ½ time for overtime. Overtime opportunities in the Parks Division would now be distributed division wide as opposed to by units.

**Worker's Compensation.** Reduces the time that eligible employees on worker's compensation receive a payment for the difference between their take home pay and the payments received under the Worker's Compensation Act from the current 12 months to six months.

**Bargaining Unit Work.** The Youth Corp can assist Local 1716 employees in with their work, but Youth Corp must cease if there are any layoffs of 1716 members in Parks Division.

**Other Negotiated Changes.** The other changes in the tentative agreement include those in regard to leave increments and Union Activities as described in the tentative agreement.

### **Cost and Savings Analysis and Other Information**

Attached is a cost and savings analysis provided by the City's finance staff. In the analysis, the City reports approximately \$14.3 million in total wages, overtime, health and worker's compensation costs for fiscal year 2018 with the savings each year in the line labeled Total Estimated Savings. The City is still awaiting the impact of the agreement related to its OPEB liability. The City's Interim Chief Financial Officer/Director of Management and Budget will be in attendance to review this analysis with the Board.

The City is also preparing information and responses regarding its health care costs and a number of other matters raised by the MARB related to tentative collective bargaining agreements at its last meeting. We will forward this information to you as soon as received.

### **Attachments**

Cc: Mayor Luke Bronin, City of Hartford  
Robert Swain, President, Local 1716 Council 4, AFSCME, AFL-CIO  
Melissa McCaw, Interim Chief Financial/Director of Management and Budget, City of Hartford



TENTATIVE AGREEMENT  
FOR A SUCCESSOR COLLECTIVE BARGAINING AGREEMENT  
BETWEEN THE CITY OF HARTFORD  
AND  
LOCAL 1716, COUNCIL 4, AFSCME

1. Duration (Update language in Article XVII to reflect the following):  
6 years (July 1, 2015 – June 30, 2021)
2. Wages (Update language in Section 7.0 and Appendix F to reflect the following):

GWI's:

FY 2015-16 – 0% GWI	FY 2018-19 – 2 % GWI effective first Sunday following 7/1/18
FY 2016-17 – 0% GWI	FY 2019-20 – 2 % GWI effective first Sunday following 7/1/19
FY 2017-18 – 0% GWI	FY 2020-21 – 0% GWI

3. Healthcare (Update language in Section 14.10 and Insurance Appendix to reflect the following):

a. Plan Design:

i. Effective July 1, 2018, the current PPO plan will be replaced with a High Deductible Health Plan with a Health Savings Account as described below.

Component	In Network	Out of Network
Deductible	\$2,000/\$4,000	\$4,000/\$8,000
Co-Insurance	100%	70%
OOP Max	\$3,000/\$6,000	Federal OOP Max
RX (deductible)*	\$5/\$20/\$40 2x mail order Mandatory Mail Order Under State Maintenance Drug Network	\$5/\$20/\$40 2x mail order Mandatory Mail Order Under State Maintenance Drug Network
Formulary	If City moves to standard CVS formulary, Local 1716 agrees to it without challenge.	
HSA Funding**	50%	50% of In-Network Deductible

\*RX is treated like any other service until deductible is met. Above the deductible, RX copays are as stated and must be paid until OOP Max is reached.

\*\*Funding of the employer HSA contribution in Fiscal Year 2018-19 will be as follows: 50% of the employer contribution in July 2018, 25% January 2019 and 25% April 2019. Thereafter, the employer HSA contribution will be paid on a quarterly basis.

ii. ~~PPO true buy-up option for current members only:~~ Employee contribution will make up the difference between the cost to the City of the HDHP and the PPO, as may change in each plan year. The option to buy-up will sunset on June 30, 2021.

b. Employee Contributions:

Medical –

July 1, 2017:	Remains at 12%
July 1, 2018:	13%
July 1, 2019:	14%
July 1, 2020:	15%

Dental –

Effective July 1, 2017, employees contribute the same percentage as for medical. In addition, all employees & eligible dependents receive Rider A (additional basic dental), Rider B (prosthodontics), Rider C (periodontics) and Rider D (orthodontics, only to age 19).

c. Healthy Hartford Program. The City will implement the Healthy Hartford Program which will be modeled after the State Plan. Employees and eligible dependents shall have until June 30, 2018

to become compliant with all age appropriate health and dental assessments and screenings. Effective July 1, 2018, non-compliance will result in an additional one hundred (\$100.00) per month supplemental charge until the month following compliance.

- d. Members may waive receipt of City-provided health insurance to the extent allowed by law, but will receive no compensation, stipend or other consideration for said waiver.
4. Run-Out (Update language in Section 10.01 to reflect the following):  
Effective upon the approval of the 2015-2021 Agreement, eliminate run-out of accrued vacation leave in its entirety.
  5. Retiree Health Insurance (Update Section 14.10 to reflect the following changes for retirees and survivors):
    - a. Current Employees who retire on or after the approval date of the 2015-2021 Agreement:
      - The health insurance plan coverage will be the same as active employees as it changes through negotiations. There will no employer contribution to the HSA.
      - Retirees shall not be allowed to purchase or otherwise remain on the City's health insurance plan once the retiree or his or her eligible spouse (married at time of retirement) reaches age 65, except as provided under federal law. Any eligible dependents may continue to receive City health insurance as provided under the contract until they reach max eligibility.
    - b. New Hires:  
Employees hired into the bargaining unit on or after the approval date of the 2015-2021 Agreement shall not be allowed to purchase or otherwise remain on city-provided health insurance upon retirement, except as provided under federal law.
  6. Sick Leave Payout (Update Section 10.05 to reflect the following):  
Effective upon the approval of the 2015-2021 Agreement, the maximum accrual of unused sick leave will be capped at 120 days; payout, at retirement only, is 50% or 40 days, whichever is less.
  7. FMLA (Add new language to reflect the following):  
Effective upon the approval of the 2015-2021 Agreement, family and medical leave will be provided in accordance with federal law only. Family and Medical leave will not run concurrently with workers' compensation absences.
  8. Overtime (Update Section 7.05 to reflect the following):
    - Effective upon the approval of the 2015-2021 Agreement, sick leave does not count toward hours worked for purposes of overtime.
    - Eliminate Section 7.05, Paragraph 3 (regarding premium overtime for work performed before or after any scheduled work shift regardless of the number of hours worked) in its entirety.
    - Update language of Section 7.05, Paragraph 7 consistent with the following: effective upon the approval of the 2015-2021 Agreement, overtime will continue to be equally distributed as set forth in the contract, except for the Parks Division, which will now be distributed within the Parks Division as a whole rather than the sub-units identified in the contract. The Divisions are:
      - Parks (distributed within Parks as a whole rather than the sub-units of Parks)
      - Streets
      - Sanitation
      - Fleet/Equipment Maintenance
      - Facilities
      - Flood
      - LSNI

9. Workers' Compensation (Update Section 10.06, subsection A)

Effective upon the approval of the 2015-2021 Agreement, the term for which employees with six (6) months of continuous service to receive payment equal to the difference between his/her take home pay and the payments received under the Workers' Compensation Act shall be reduced to six (6) months.

10. Bargaining Unit Work (Update Section 14.07 to reflect the following):

- Youth Corp to assist 1716 in performing bargaining unit work, but Youth Corp must cease if there are any layoffs of 1716 members in the Parks Division.
- Management retains the right to subcontract bocce fields and cricket courts for the term of the contract.

11. Leave Increments (Update Sections 10.01 and 10.02 to reflect the following):

Sick time and vacation time may be taken in one-hour increments, however at least 24-hour notice is required for use of sick time in less than four-hour increments. Other notice requirements for use of accrued time remain unchanged.

12. Union Activities (Update the first two paragraphs of Section 14.01 to reflect the following):

The City agrees that the Union official or steward shall have a reasonable time during working hours without loss of pay for the investigation and adjustment of local union business, provided that he/she shall request permission from his/her supervisor to absent himself from his/her work area. Permission to absent himself from his/her work area may be withheld by the supervisor only because of operating requirements but in no event later than the start of the next regular shift of the Union officer or steward. The Union agrees that the complaint will be handled as quickly as possible.

The City agrees that the Union President will be paid for time spent in handling local union business during his/her regularly scheduled working hours, provided such time does not exceed sixty (60) hours in any one month and provided he/she informs his/her supervisor at least twenty-four hours (24) in advance when it is necessary for him/her to absent himself from his/her work area for attendance at such meetings; and provided further that the supervisor may release the Union President without twenty-four hours (24) advance notice if operating requirements permit. The Union President must indicate on his/her time record that such time was spent handling local union business during his or her regularly scheduled working hours and provide a quarterly report of such hours to Human Resources.

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**CITY OF HARTFORD**  
**1716 TENTATIVE AGREEMENT - July 1, 2015 - June 30, 2021**

Description of Employee Base: The 1716 Union primarily includes the City's Maintainer series that support the Department of Public Works waste and recycling, street services, snow removal, parks amongst other operations. The 1716 Union also includes all Trades (Painters, Carpenters, Electricians, etc), 911 Dispatchers, Early Learning Center Teachers and Lifeguards.

**Summary of 1716 Active Employees - Active Employee Inquiry - 12-6-17**

Personnel Status	# of Employees	Total Pay Annual Salary* (GF)	Total Pay Annual Salary (GF)
1_Full Time Employees	235	10,250,682	9,250,000
2_Part / Seasonal Time Employees	168	745,612	745,612
<b>Grand Total</b>	<b>403</b>	<b>10,996,294</b>	<b>9,995,612</b>
*All Funds			
Average Salary - FT All Funds	43,620		

Issue #	General Topic	Estimated Savings (General Fund)					FY2018 Current Sal / Budget	Estimated Cost under Tentative Agreement	Annualized Savings as a % of Current Base Cost / New
		FY15-17	FY17-18	FY18-19	FY19-20	FY20-21			
2	Wages	0%	0%	2%	2%	0%	9,250,000	N/A	5.0%
	Wages Assumption								
	Wages \$ Savings (Wage Reserve of 1.5% (Compounded)	\$ 278,000	\$ 437,899	\$ 437,899	\$ 437,899	\$ 577,899	\$ 9,250,000	N/A	5.0%
	FT: 0.5% GWI Adj to reflect 2% in FY2018-19 and FY2019-20 (0.5% adj)			\$ (51,253)	\$ (102,763)	\$ (102,763)			
	PT: 1% GWI Adj to reflect 2% in FY2018-19 and FY2019-20			\$ (7,456)	\$ (14,987)	\$ (14,987)			
8	Overtime		\$ 14,349	\$ 28,698	\$ 28,698	\$ 28,698	\$ 1,285,000	\$ 1,256,302	2.2%
	Overtime: Sick Time exclusion								
3	Healthcare			\$ 547,500	\$ 547,500	\$ 547,500	\$ 3,679,400	\$ 3,181,300	-13.5%
	HPPH / H SA Plan Design Change effective 7/1/18 (FY2019) <sup>1</sup>								
	Premium Cost Share:								
	Currently 12% of PPO			\$ (27,959)	\$ 3,854	\$ 35,667	\$ (441,528)	\$ (477,195)	8.1%
	Change to 13% HDHP in FY2019; 14% in FY2020; 15% in FY2021.								
	Healthy Hartford Program modeled after State Plan								
4	Pension						\$ 3,237,872	\$ 2,704,105	-16.5%
	N/A - 1716 Employees are currently in the CMERS.								
5	Retiree HI								
	No City Covered Health Insurance after age 65 for current employees								
	Coverage changes as it changes for actives								
	New Hires unable to purchase or remain on health insurance after retirement.								
6	Sick Leave		28,332	6,871	11,020	4,927			
	Sick Leave for Current and New Employees:								
	-Max Accrual is 120 Days; Payout at retirement is 50% or 40 days, whichever is less. <sup>2,3</sup>								
8	Workers Compensation						\$ 540,000	\$ 512,000	5.2%
	Employees to receive payment equal to difference between take home pay and payments under Workers Compensation Act - reduced to 6 months.								
	<b>Total Estimated Savings:</b>	\$ 278,000	\$ 494,580	\$ 962,300	\$ 939,221	\$ 2,104,941	\$ 540,000	\$ 512,000	5.2%
	<b>Total Savings to Budget / Forecast:</b>					\$ 3,779,943			

Total Wages, Overtime, Health and Workers Comp 14,313,554  
 Savings as a % of Total 1716 7.7%

<sup>1</sup> HDHP with H SA: In Network \$2000/\$4000 Deductible; 90% co-insurance; OOP Max \$9000/\$6000; H SA Funding \$1000/\$2000 (50% Employer Funded)

<sup>2</sup> The current accrual cap is 150 or 50 days whichever is greater. The new Tentative Agreement modifies this benefit to 50% of a cap of 120 days or 40 days, whichever is lesser. The benefit changes for Sick Leave provisions materialize when said employees retire in the given year. The FY2018 savings estimate assumes that all employees who meet YOS requirement actually retire in FY2018. This is technically an unknown and therefore may not materialize in the fiscal year noted. Also these savings are one-time in nature.

<sup>3</sup> Also reduces future long term liability (\$2.562 million of future payouts reduced to \$2.144 million, a change of -16.3%.

<sup>4</sup> The City's total unfunded liability for OBEB is \$527 million for both the City and Board of Education units (report issued November 10, 2016). The City's representative share of the unfunded liability is \$279 million, of which the 1716 union represents 5.2% or \$14.6 million with \$4.6 million for actives and \$10 million for retirees. The changes to retiree health benefits reflected in this agreement result in a 9.2% reduction in the unfunded liability for active employees, from \$4.6 million to \$380,000.



**Dakers, Robert**

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**From:** McCaw, Melissa <Melissa.McCaw@hartford.gov>  
**Sent:** Monday, February 05, 2018 2:19 PM  
**To:** Dakers, Robert  
**Cc:** Carabillo, Debra  
**Subject:** Health Follow-up  
**Attachments:** HEPMinimumRequirements.pdf; 2\_Attachment City of Hartford - HDHP\_HSA Partnership Comparison (Released 1\_25\_2018).pdf; 1\_Health\_Medical and Rx Follow up Revised 2-5-18 FINAL.pdf; BOE - Health Revenues and Expenditures.xlsx

Bob,

Please see the following responsive documents attached:

- Cost savings of shifting to Medicare Advantage for over 65 retirees
- Cost savings of the State Partnership plan demonstrating the savings were less rich than the City's HDHP
- City's consideration and analysis of other approaches to address health care costs for active and retiree health insurance and controlling Rx costs
- BOE 4-5 years health care costs

The following will be forthcoming shortly:

- City 4-5 years health care costs
- ASO fees, broker fees, and retention fees

Melissa

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### Health Enhancement Program Preventive Minimum Requirements

	Birth to Age 5	Ages 6 to 17	Ages 18 to 24	Ages 25 to 29	Ages 30 to 39	Ages 40 to 49	Ages 50 +
<b>Preventive Visit</b>	One per year	Once every other year	Once every 3 years	Once every 3 years	Once every 3 years	Once every 2 years	One per year
<b>Vision Exam</b>	N/A	Once every 2 years	Once every 2 years	Once every 2 years	Once every 2 years	Once every 2 years	Once every 2 years
<b>Dental Cleanings</b> (if enrolled on a Dental plan with UHC or Cigna)	N/A	Two per year	Two per year	Two per year	Two per year	Two per year	Two per year
<b>Cholesterol Screening</b>	N/A	N/A	Once every 5 years starting at age 20	Once every 5 years	Once every 3 years	Once every 2 years	One per year
<b>Clinical Breast Exam</b>	N/A	N/A	Once every 3 years	Once every 3 years	Once every 3 years	Once every 3 years	Once every 3 years
<b>Mammogram (Females)</b>	N/A	N/A	N/A	N/A	One screening between ages of 35 and 39. Otherwise, as Recommended by Physician	As Recommended by Physician	As Recommended by Physician
<b>Cervical Cancer Screening (Females)</b>	N/A	N/A	Once every 3 years starting at age 21	Once every 3 years	Once every 3 years	Once every 3 years	Once every 3 years
<b>Colorectal Screening</b>	N/A	N/A	N/A	N/A	N/A	N/A	Annual fecal occult blood test OR Colonoscopy (w/CT) every 10 years

<sup>1</sup> Birth to Age 1 requires visits at Months 1,2,4,6,9 and 12 per American Academy of Pediatrics Guidelines

As is currently the case under the State Health plan, any medical decisions will continue to be made by you and your physician. Employees and their enrolled dependents in the Health Enhancement Program will have available and agree to participate in disease counseling and education programs which consist of the following components and there are the components you must meet to fulfill your commitment to the Health Enhancement Program. These programs only apply to those employees and their enrolled dependents in the disease states listed in the description of the Health Enhancement Program. For more details on the Health Enhancement Program please visit your employer's website at: <http://www.osc.ct.gov>.

**City of Hartford**  
**Health: Medical and Rx Follow-up**

1) Compare the savings of going to the State Partnership Plan vs. the City HDHP

Separate exhibit attached.

2) Comparative data of other municipalities/unions that have gone to a HDHP.

<b>Middletown</b>	<b>City</b>	<b>BOE</b>
	Aetna POS	Partnership
<b>Hamden</b>	<b>Town</b>	<b>BOE</b>
	HDHP (\$2,000/\$4,000 deductible) 65% Employer contribution (reduces to 50%)	All groups on Anthem comp mix plans
<b>Bethel</b>	<b>Town</b>	<b>BOE</b>
	Police, PW, Dispatch HDHP, no employer contribution All other-Partnership	Partnership
<b>West Hartford</b>	<b>Town</b>	<b>BOE</b>
	All groups except Fire have PPO with HDHP option (Fire has HDHP only) \$1,500/\$3,000	All have HDHP as only option \$2,000/\$4,000 50% contribution
<b>New London</b>	<b>City</b>	<b>BOE</b>
	CT Partnership Plan Version 1	CT Partnership Plan Version 1
<b>Norwalk</b>	<b>City</b>	<b>BOE</b>
	Partnership	Partnership
<b>New Milford</b>	<b>Town</b>	<b>BOE</b>
	Cigna OAP	HDHP (\$2000/ \$4000 deductible) 40% Employer contribution
<b>Brookfield</b>	<b>City/Town</b>	<b>BOE</b>
	Partnership	Partnership
<b>Bristol</b>	<b>City</b>	<b>BOE</b>
	Cigna OAP	Admin HDHP 7/1/7 \$2,500/\$5,000 50% Employer Contribution Teachers HDHP 7/1/18 \$2,000/\$4,000 50% Employer Contribution
<b>Waterbury</b>	<b>City</b>	<b>BOE</b>
	Most on HDHP \$2,000/\$4,000	Most on HDHP \$2,000/\$4,000

<b>Bridgeport</b>	<b>City</b>	<b>BOE</b>
	Cigna OAP with 25% Premium Cost Shares (30% for new employees)	HDHP (\$2,000/\$4,000 deductible) 50% Employer contribution
<b>Trumbull</b>	<b>Town</b>	<b>BOE</b>
	Partnership	Partnership

All towns listed have a version of an HDHP plan with some negotiating options to remain in a PPO at a higher employee cost share. According to Segal, most municipal HDHP plan designs pay at 100% after a deductible is met whereas the City of Hartford has a 90%/10% employer/employee split until an OOP maximum is reached and only then will the City pay at 100%. Two current Unions scheduled for transition to an HDHP on July 1, 2018 have the option of a "buy up" to their current PPO plan which also includes a sunset provision.

### 3) Consultant Research on expenditure trend comparing PPOs vs. HDHPs

According to Segal Consulting, although there are numerous articles suggesting ultimate higher costs with an HDHP, the overall trend (rate of expenditure growth) of PPOs v. HDHPs run approximately equal to each other. This trend data refutes the claim that employees will delay necessary care, which would otherwise materialize in increased chronic conditions and emergency care, thereby increasing overall plan costs. Added that the City contributes 50% towards the member's deductible is an additional benefit once their HDHP is established. Deductibles and Maximum Out of Pocket Costs under negotiated HDHPs appear more beneficial than other HDHP plan designs.

### 4) What was the City's/parties' consideration and analysis of other approaches to address health care costs for controlling Rx costs?

The City has negotiated the Healthy Hartford Program for all approved contracts. The program mirrors the state's Health Enhancement Program. This program ensures employees seek their age and gender appropriate preventative health care exams. Please see sample attachment.

Secondly, all recently negotiated contracts under the Bronin administration allow the City to move to the CVS Standard Formulary estimated to save approximately \$195,000 annually. Since its inception in 2012, the CVS Caremark's Standard Formulary management program provides for a more rigorous approach to drug inclusion, and likewise, removals of certain drugs in favor of lower cost, clinically appropriate alternatives to help mitigate the impact of rising drug costs while maintaining clinical integrity and access.

All recently negotiated contracts allow the City to shift to the State of Connecticut Maintenance Drug Network. A prescription drug typically taken on a regular basis to treat a chronic condition shall be prescribed through mail order or purchased through a network of pharmacies created by the State at Mail order prices. Prescriptions costs are reduced if filled by Mail Order. All negotiated contracts now include Mandatory Mail Order with the State of Connecticut Maintenance Choice Network option. Annual savings are estimated at approximately \$180,000.

### 5) Examples of savings achieved on Rx:

City's RX clinical and safety edits that improve outcomes and reduce costs within overall drug spend

	2016-2017 Savings
Dose Optimization-	\$ 256
Drug Savings Review-	\$ 85,506
Enhanced Safety and Monitoring Program-	\$ 41,000
Prior Authorization-	\$ 5,220
Quantity Limitations-	\$ 80,895
Safety and Monitoring Program-	\$ 102,400
Specialty Guideline Management-	\$ 171,096
Compound Drug Exclusion- Eliminated \$20,000 average monthly spend (\$240,000) in Calendar 2015.	\$ -
	\$ 486,373

**Description of Rx Clinical and Safety Edits:**

- **Dose Optimization:** Promotes cost effective dose regimens. As an example, opportunities may exist for single dose higher strength alternative, rather than multiple daily doses when available and clinically appropriate.
- **Drug Savings Review:** Proprietary algorithm approach to identify adverse drug reaction/alternative therapies including physician outreach based on evidence based guidelines. (304 successful retrospective interventions)
- **Enhanced Safety and Monitoring Program:** Interventions of complex cases of fraud, waste and abuse and continual monitoring of such cases. (3 new cases referred for further action, 1 case closed.)
- **Prior Authorization:** Authorization process to ensure medical necessity of target drugs/classes before they are covered by the plan. (40 PA's requested; 5 denied.)
- **Quantity Limitations:** Provides for a maximum quantity allowed over a period of time with medications with potential for overuse and misuse. (252 rejected claims, 193 reduced quantity claims)
- **Safety and Monitoring Program:** Targets high risk drug classes focusing on controlled substances. (28 members targeted, 19 cases closed)
- **Specialty Guideline Management:** Supports appropriate utilization of specialty medications. Prevents waste with specialty drugs when not appropriate. (74 Requests 51 Approved 12 Denied 11 Administratively Denied)
- **Compound Drug Exclusion:** Eliminated \$20,000 average monthly spend (\$240,000) in Calendar 2015.

**6) Most recent 12-month RX peer comparison v. CVS/Caremark Government BOB.**

Most recent 12-month RX peer comparison City v. CVS/Caremark Government Book of Business:

	City	BOB
Utilizers as % of Population	43.8%	41.8%
Member Cost Share	4.2%	11.0%
% Prescriptions at Retail	94.5%	86.0%
% Mail Order Prescriptions	5.5%	6.5%
Generic Dispensing Rate	78.5%	86.0%
Specialty Drug % Total Prescriptions	0.9%	0.9%
Specialty Drug % Total Gross Cost	24.9%	35.0%
Specialty Gross Cost PMPM	46.2%	48.9%
Total City Gross RX Trend v. CVS/Caremark Government BOB	5.9%	6.0%

**7) Savings from going to Medicare Advantage plan.**

See attachment.

Hartford Board of Education  
Fringe Benefits Analysis  
Fiscal Years 2012-2016



	FY 11-12 Actuals as of 6/30/2012	FY 12-13 Actuals as of 6/30/2013	FY 13-14 Actuals as of 6/30/2014	FY 14-15 Actuals as of 6/30/2015	FY 15-16 Actuals as of 6/30/2016	Change	% Change
<b>Employee/Retiree Contributions</b>							
COBRA Premiums	125,203	123,195	120,724	40,718	52,709	(72,494)	
Pensioners	6,455,782	6,098,152	6,798,823	4,818,416	4,416,837	(2,039,945)	
Active	87	-	-	-	(87)		
Active	9,927,181	7,635,676	9,236,483	9,643,920	10,047,259	3,120,078	
<b>Total Employee/Retiree Contributions</b>	<b>13,508,253</b>	<b>13,856,923</b>	<b>16,165,930</b>	<b>14,503,052</b>	<b>14,516,805</b>	<b>1,007,552</b>	<b>7.5%</b>
<b>State Reimbursements</b>							
Teachers	1,154,511	1,087,887	899,881	744,277	693,209	(461,302)	
Custodians	385,745	363,624	385,912	332,472	288,910	(78,836)	
<b>Total State Reimbursements</b>	<b>1,520,256</b>	<b>1,451,511</b>	<b>1,285,793</b>	<b>1,078,749</b>	<b>980,119</b>	<b>(540,137)</b>	<b>-35.5%</b>
<b>Other Reimbursements</b>							
Anthem	593	-	-	-	-	(593)	
Legal Settlements Credits	-	268,947	512	-	-	-	
Miscellaneous Revenue	-	8,048	8,502	14,411	-	-	
CVS/Caremark Rebates	590,357	793,071	888,206	1,327,000	1,692,400	1,102,043	
<b>Total Other Reimbursements</b>	<b>590,950</b>	<b>1,088,068</b>	<b>995,220</b>	<b>1,341,411</b>	<b>1,692,400</b>	<b>1,101,450</b>	<b>186.4%</b>
<b>Total Employee/Retiree, State, Other Reimb</b>	<b>16,619,459</b>	<b>16,396,500</b>	<b>17,436,943</b>	<b>16,921,212</b>	<b>17,189,324</b>	<b>1,588,865</b>	<b>10.0%</b>
<b>Contributions from HPS</b>							
General Fund	47,337,416	45,465,463	40,752,467	41,422,741	40,145,103	(7,192,313)	
Special Funds	18,147,150	18,385,306	19,993,622	19,893,452	19,891,115	(1,743,665)	
OPEB Trust Contribution	-	-	-	-	-	-	
Food Service	1,400,671	1,389,420	1,431,918	1,584,816	1,531,808	(131,137)	
Great Path	-	689,133	659,525	542,062	570,491	570,491	
<b>Total Contributions from HPS</b>	<b>66,885,237</b>	<b>65,809,322</b>	<b>62,837,530</b>	<b>63,243,071</b>	<b>62,138,517</b>	<b>(4,746,720)</b>	<b>-7.1%</b>
<b>Total Revenue</b>	<b>82,604,696</b>	<b>82,305,822</b>	<b>80,274,373</b>	<b>80,164,283</b>	<b>79,328,841</b>	<b>(3,177,855)</b>	<b>-3.9%</b>
<b>Expense</b>							
<b>Employee Insurance</b>							
BCBS Claims - Retirees	4,617,478	6,253,940	4,259,968	4,182,710	3,732,890	(884,588)	
BCBS Claims - Active	32,293,965	34,399,097	29,773,841	28,235,880	26,094,242	(8,204,723)	
BCBS Claims - Active/New Hire	1,406,906	-	8,735,515	9,821,129	12,933,307	11,526,401	
CVS/Caremark RX Claims-Retirees	2,128,871	1,902,745	1,468,612	1,224,041	1,083,788	(1,045,083)	
CVS/Caremark RX Claims-Active	7,082,692	7,308,747	7,274,974	8,340,083	8,466,125	1,383,433	
CVS/Caremark RX Claims-Active/New Hire	-	-	1,429,002	1,645,809	2,274,319	2,274,319	
BCBS Administrative Fees-Retirees	390,096	513,247	275,037	280,405	199,250	(180,846)	
BCBS Administrative Fees-Active	2,607,966	2,580,342	1,817,081	1,743,493	1,270,978	(1,338,988)	
BCBS Adm.Fees-Active/New Hire	81,691	-	909,828	953,169	952,799	861,108	
BCBS Actuarial Services	-	-	-	-	-	-	
Prior Period Adjustment per AON	101,991	-	(35,098)	-	-	(101,991)	
IBNR - Retirees - Fund 7010	(171,520)	101,750	(165,967)	(7,282)	(27,399)	144,121	
IBNR - New Hire - Fund 8701	(15,972)	(86,020)	337,498	247,160	328,585	344,837	
IBNR - Active - Fund 8703	28,758	538,982	(35,431)	57,102	(148,287)	(173,025)	
OPEB - Retirees - Fund 7010-Amortization	301,191	-	-	-	-	(301,191)	
OPEB - Retirees - Fund 7010-Normal Cost	-	-	-	-	-	-	
OPEB - Active - Fund 8701-Amortization	3,858	-	71,717	-	-	(3,858)	
OPEB - Active - Fund 8701-Normal Cost	-	-	-	-	-	-	
OPEB - Active - Fund 8703-Amortization	10,817,222	8,678,773	1,589,024	-	-	(10,817,222)	
OPEB - Active - Fund 8703-Normal Cost	-	-	-	-	-	-	
Group Plan F #0001 - Retirees	1,159,078	1,154,055	1,201,778	1,088,653	893,313	(262,763)	
Group Plan F #0001 - Active	-	-	-	-	50,884	50,884	
FSA Plan	-	1,201	3,847	4,080	3,930	3,930	
BOE Hsa Plan - Employer Contribution	-	-	123,600	571,000	660,400	660,400	
Health Insurance Waivers	5,000	5,000	7,000	11,000	18,000	13,000	
Group Life Insurance - Active	759,998	797,951	871,932	932,880	932,021	172,023	
Group Life Insurance - Retirees	8,314	8,048	8,502	11,761	12,453	4,139	
<b>Total Employee Insurance Expense</b>	<b>63,617,581</b>	<b>64,153,838</b>	<b>57,742,258</b>	<b>60,123,183</b>	<b>59,733,498</b>	<b>(3,884,083)</b>	<b>-6.1%</b>

**Expense Summary**

<i>Employee Insurance</i>	63,617,681	64,163,838	57,742,268	60,123,183	59,733,498	\$ (3,884,083)	
<i>Pension Costs</i>	7,722,382	6,138,107	7,123,499	7,234,355	6,080,911	(1,841,471)	
<i>Worker's Compensation</i>	2,179,719	2,051,868	2,411,878	3,273,595	2,984,544	804,831	
<i>Social Security - Employer Share</i>	6,504,512	6,870,369	7,198,100	7,602,079	7,716,836	1,212,324	
<i>Unemployment Compensation</i>	1,064,654	745,984	779,124	701,555	714,088	(350,466)	
<i>Property and Liability Insurance</i>	1,368,317	1,717,218	1,635,142	1,609,202	1,681,451	293,134	
<i>Professional Improvements/Other Benefits</i>	27,937	552,172	668,553	482,418	415,513	387,876	
<b>Total BOE Expenses</b>	<b>82,504,698</b>	<b>82,229,366</b>	<b>77,556,350</b>	<b>81,006,407</b>	<b>79,326,841</b>	<b>(3,177,855)</b>	<b>-3.9%</b>
<b>Less: Boo Revenue</b>	<b>82,504,698</b>	<b>82,305,822</b>	<b>80,274,373</b>	<b>80,164,283</b>	<b>79,326,841</b>	<b>(3,177,855)</b>	<b>-3.9%</b>
<b>Year End Balance - Surplus (Deficit)</b>		<b>76,466</b>	<b>2,718,023</b>	<b>(841,124)</b>			





# City of Hartford Financial Overview Municipal Accountability Review Board

February 8, 2018



# Overview of COH Operating Budget



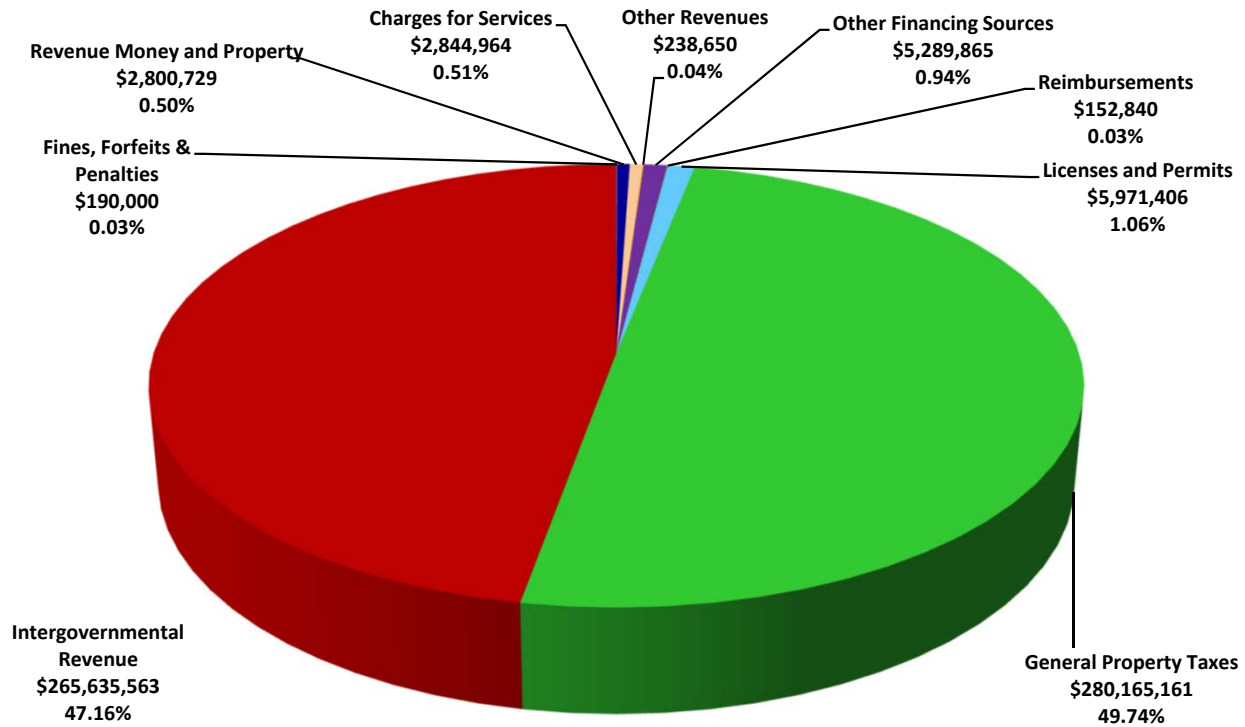


## FY2018 Revenues by Category

Revenue Category	FY2018 Adopted	%
41-TAXES	280,165,161	49.7%
42-LICENSES AND PERMITS	5,971,406	1.1%
43-FINES FORFEITS AND PENALTIES	190,000	0.0%
44-INTEREST AND RENTAL INCOME	1,313,149	0.2%
45-INTERGOVERNMENTAL	265,635,563	47.2%
46-CHARGES FOR SERVICES	2,844,964	0.5%
47-REIMBURSEMENTS	152,840	0.0%
48-OTHER REVENUES	238,650	0.0%
53-OTHER FINANCING SOURCES	6,777,445	1.2%
<b>Total Revenues</b>	<b>563,289,178</b>	<b>100.0%</b>



# Components of the Revenue Budget: \$563.3M





## Net Taxable & Non-Taxable Property 2016 Grand List

<b>Taxable</b>	\$4,073,144,172	50.16%
<b>Non-Taxable</b>	<u>4,047,467,481</u>	<u>49.84%</u>
<b>Total</b>	<b>\$8,120,611,653</b>	<b>100.00%</b>



# Annual Net Grand List Totals

		REAL	PERSONAL	MOTOR VEHICLE	TOTAL	% CHANGE
	<b>1997</b>	4,797,108,350	722,160,844	220,068,930	5,739,338,124	-1.41%
	<b>1998</b>	4,769,043,110	746,538,575	232,429,093	5,748,010,778	0.15%
<b>Reval</b>	<b>1999</b>	2,551,227,089	751,315,240	248,304,487	3,550,846,816	-38.22%
	<b>2000</b>	2,553,043,037	772,557,050	257,073,720	3,582,673,807	0.90%
	<b>2001</b>	2,535,977,084	754,456,240	258,554,350	3,548,987,674	-0.94%
	<b>2002</b>	2,579,407,347	721,968,724	256,729,192	3,558,105,263	0.26%
	<b>2003</b>	2,553,882,414	714,654,470	232,844,250	3,501,381,134	-1.59%
	<b>2004</b>	2,557,480,980	657,353,590	243,147,640	3,457,982,210	-1.24%
	<b>2005</b>	2,605,647,333	678,893,280	258,996,165	3,543,536,778	2.47%
<b>Reval</b>	<b>2006</b>	2,371,680,980	672,107,910	268,835,294	3,312,624,184	-6.52%

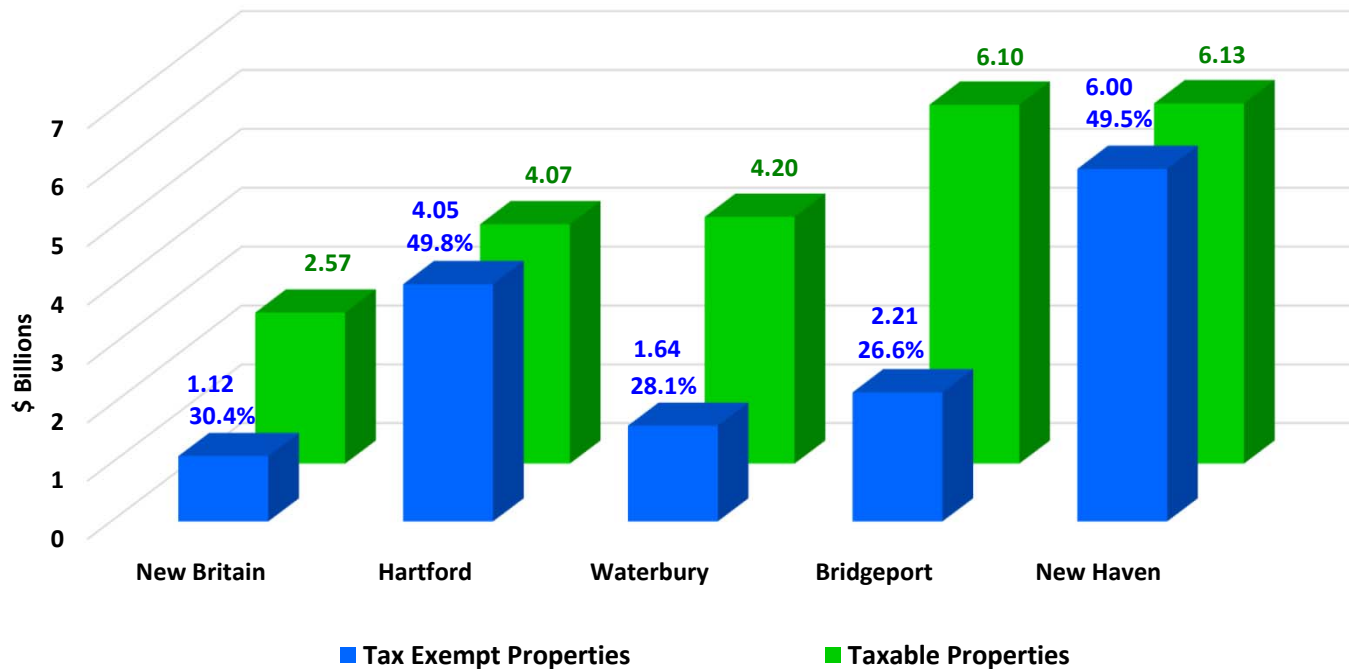


# Annual Net Grand List Totals

		REAL	PERSONAL	MOTOR VEHICLE	TOTAL	% CHANGE
	<b>2007</b>	2,508,928,809	667,388,000	275,121,632	3,451,438,441	4.46%
	<b>2008</b>	2,553,540,379	640,838,150	271,398,594	3,465,777,123	0.42%
	<b>2009</b>	2,705,438,375	636,889,160	261,839,945	3,604,167,480	3.99%
	<b>2010</b>	2,815,733,865	664,046,820	263,945,261	3,743,725,946	3.87%
<b>Reval</b>	<b>2011</b>	2,505,537,262	636,332,920	276,070,153	3,417,940,335	-8.70%
	<b>2012</b>	2,536,705,690	666,454,610	284,620,936	3,487,781,236	2.04%
	<b>2013</b>	2,544,809,180	697,907,870	292,685,705	3,535,402,755	1.37%
	<b>2014</b>	2,592,597,882	732,124,650	298,349,450	3,623,071,982	2.48%
	<b>2015</b>	2,652,860,012	741,214,894	307,830,072	3,701,904,978	2.18%
<b>Reval</b>	<b>2016</b>	3,001,468,742	754,836,430	316,839,000	4,073,144,172	10.03%



## Grand List Assessed Values: Distressed Municipalities<sup>1</sup>



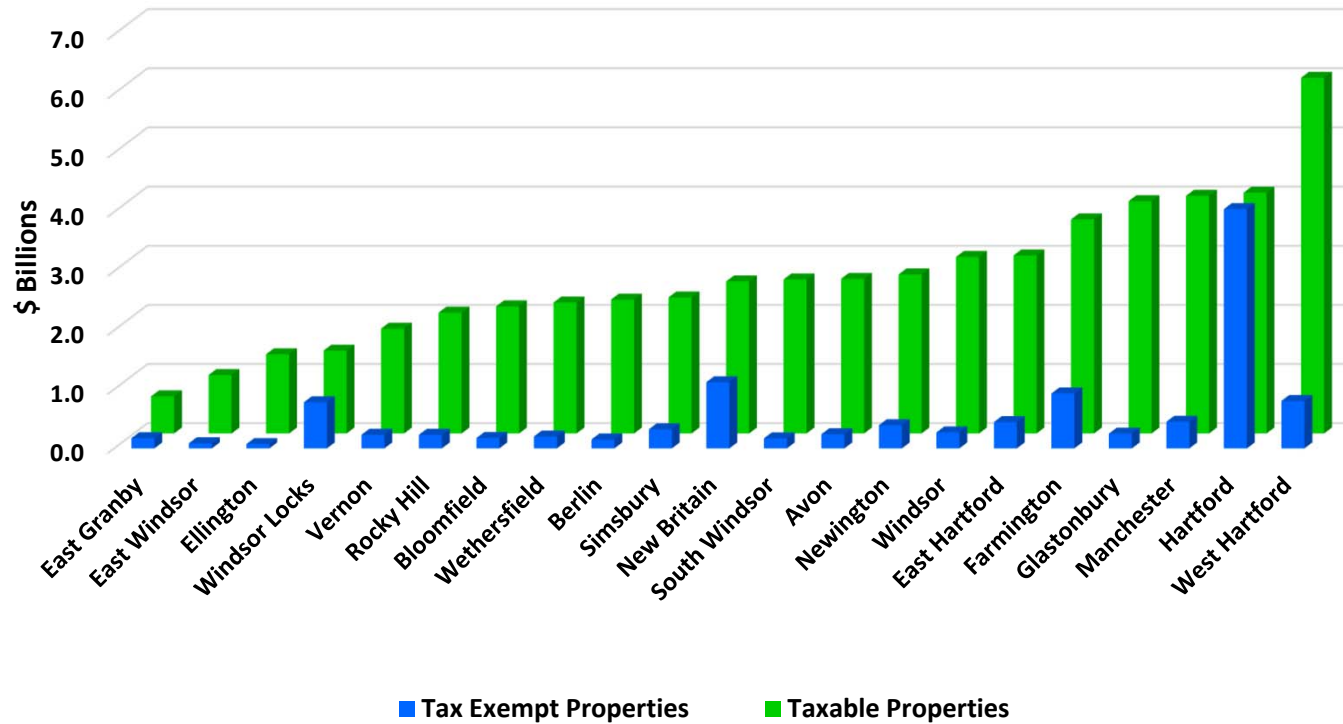
<sup>1</sup> Includes distressed Connecticut municipalities with a population exceeding 70,000 as of 7/1/2016, as identified by State of Connecticut Department of Economic and Community Development and Department of Public Health

Data Sources: Hartford 2016 Grand List; all others from CT Office of Policy and Management 2015 Grand List





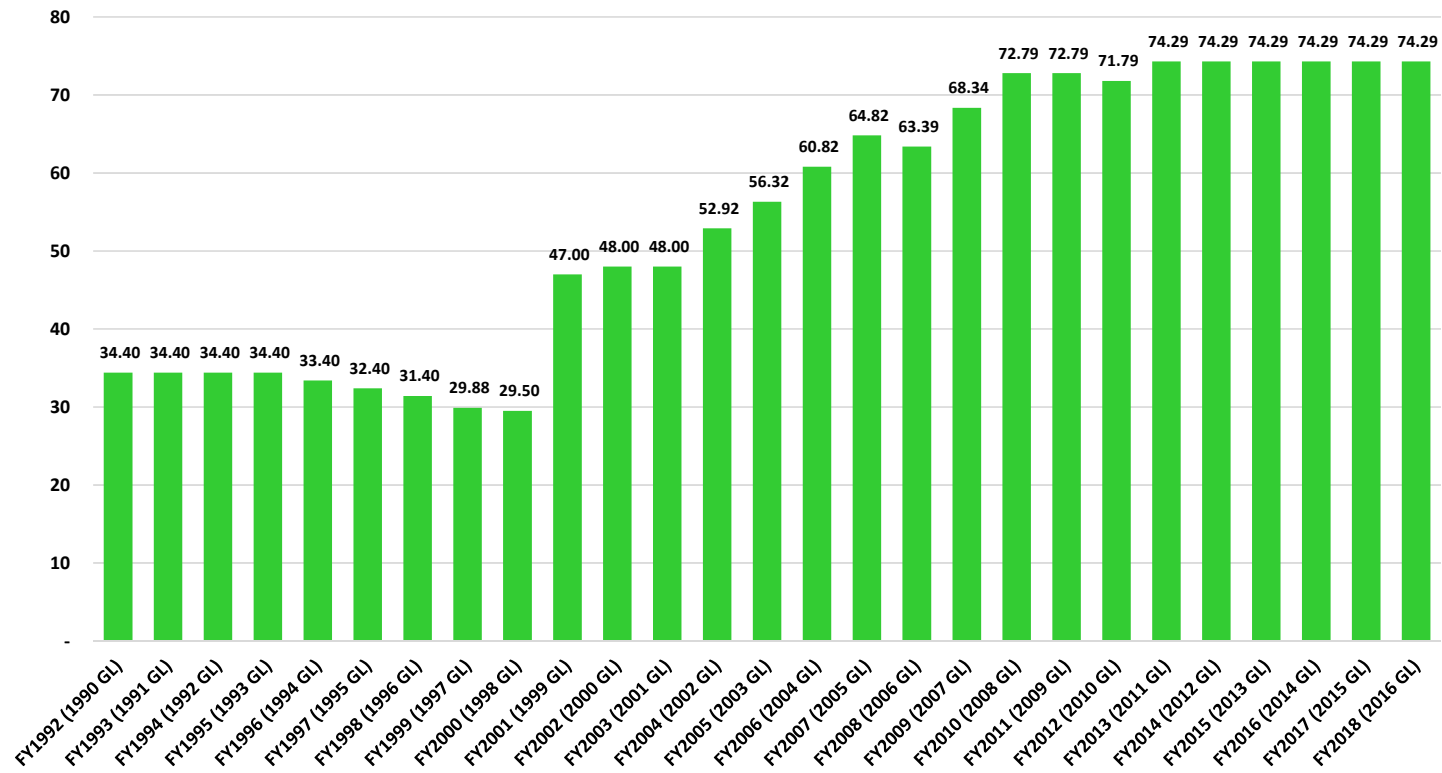
# Grand List Assessed Values: Greater Hartford Metro Region



Data Sources: Hartford data from 2016 Grand List; all others from CT Office of Policy and Management 2015 Grand List



# History of Mill Rate Increases



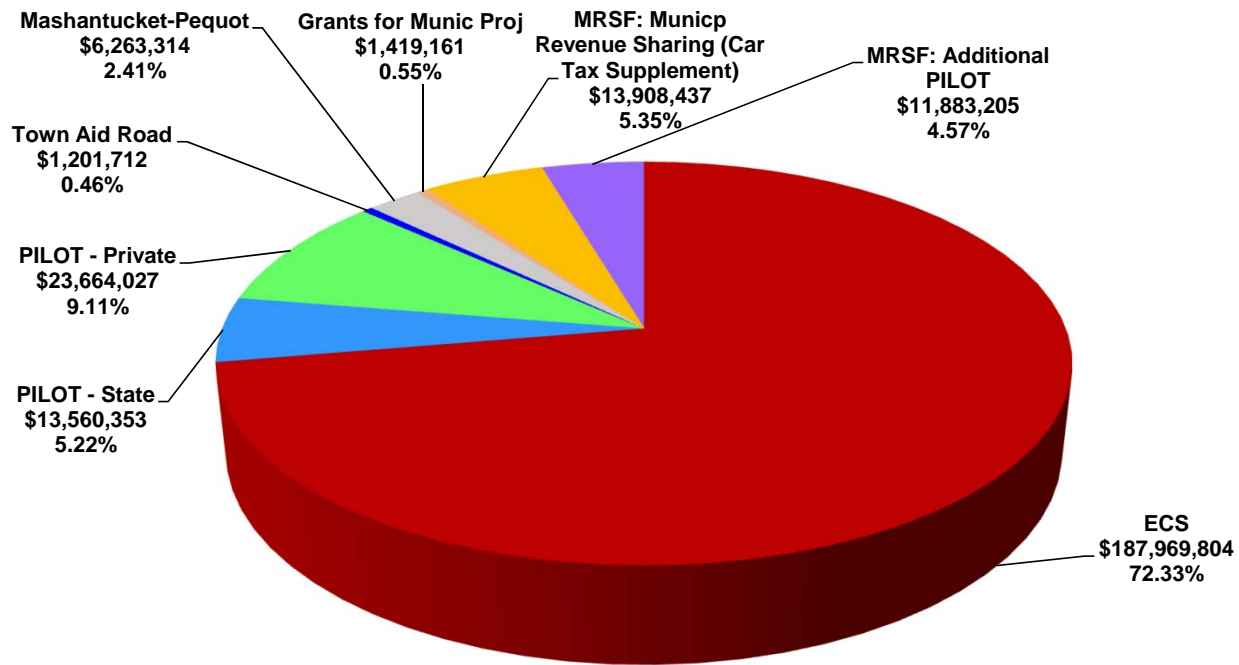


## Municipal State Aid

Revenue Line Item	FY2018 Adopted Budget	FY2018 Bipartisan Budget	FY18 BB, Variance to FY18 Budgeted Rev
ECS*	187,969,804	187,969,804	-
PILOT - State	13,560,353	10,162,953	(3,397,400)
PILOT - Private	23,664,027	20,009,758	(3,654,269)
Town Aid Road	1,201,712	1,198,978	(2,734)
Mashantucket-Pequot	6,263,314	6,263,314	-
Grants for Munic Proj	1,419,161	1,419,161	-
Municipal Stabilization Grant		4,456,568	4,456,568
MRSF: Municp Revenue Sharing (Car Tax Supplement)	13,908,437	12,177,213	(1,731,224)
MRSF: Additional PILOT	11,883,205	11,883,205	-
<b>Subtotal Municipal Aid, Net (General Fund)</b>	<b>259,870,013</b>	<b>255,540,954</b>	<b>(4,329,059)</b>
MIRA		1,000,000	1,000,000
Elderly Circuit Breaker (defunded/muni mandate)		(348,000)	(348,000)
<b>Total Municipal Aid, Net (General Fund)</b>	<b>259,870,013</b>	<b>256,192,954</b>	<b>(3,677,059)</b>
Increase to MV Mill Rate (39 in '18 and 45 in '19)		2,719,000	2,719,000
<b>Net, General Fund impact</b>	<b>259,870,013</b>	<b>258,911,954</b>	<b>(958,059)</b>



## 2018 Budget by Municipal State Aid General Fund Budget: \$259.8M<sup>1</sup>



<sup>1</sup> FY2018 Revised State Budget included reductions of \$3.7M net to the Adopted Budget levels indicated above.  
Total for FY2017 (General Fund) = \$256.1M



## Licenses and Permits

**80% of the revenues in Licenses and Permits are building, electrical, mechanical and plumbing permits.**

REVENUE CATEGORY	FY2018 ADP BUDGET	%
BUILDING PERMITS	3,642,000	61.0%
ELECTRICAL PERMITS	627,000	10.5%
MECHANICAL PERMITS	689,000	11.5%
PLUMBING PERMITS	315,000	5.3%
FOOD & MILK DEALER LICENSES	312,000	5.2%
ALL OTHER LICENSES AND PERMITS	386,406	6.5%
<b>42-LICENSES AND PERMITS</b>	<b>5,971,406</b>	<b>100.0%</b>

*Prior year actual of \$5.376 million.*



## Other Financing Sources

Major components of Other Financing Sources are net revenues from the Hartford Parking Authority, Private Duty Police and Fire jobs and revenues associated with the Stadium.

REVENUE CATEGORY	FY2018 ADP BUDGET	%
REVENUE FROM HTFD PKG AUTHY	2,424,865	30%
SPECIAL POLICE SERVICES (PJs)	2,750,000	53%
DOWNTOWN NORTH (DONO)	1,487,580	11%
ALL OTHER	115,000	5%
<b>53-OTHER FINANCING SOURCES</b>	<b>6,777,445</b>	<b>100%</b>

*Prior year actual of \$6.032 million.*



## Charges for Services

Over 75% of the Charges for Services revenues are largely driven by the conveyance tax, transcripts of records and filing record certifications.

REVENUE CATEGORY	FY2018 ADP BUDGET	%
CONVEYANCE TAX	1,100,000	38.7%
TRANSCRIPT OF RECORDS	835,250	29.4%
FILING RECORD-CERTIF FEES	300,000	10.5%
ALL OTHER	609,714	21.4%
<b>46-CHARGES FOR SERVICES</b>	<b>2,844,964</b>	<b>100.0%</b>

*Prior year actual of \$3.5 million.*

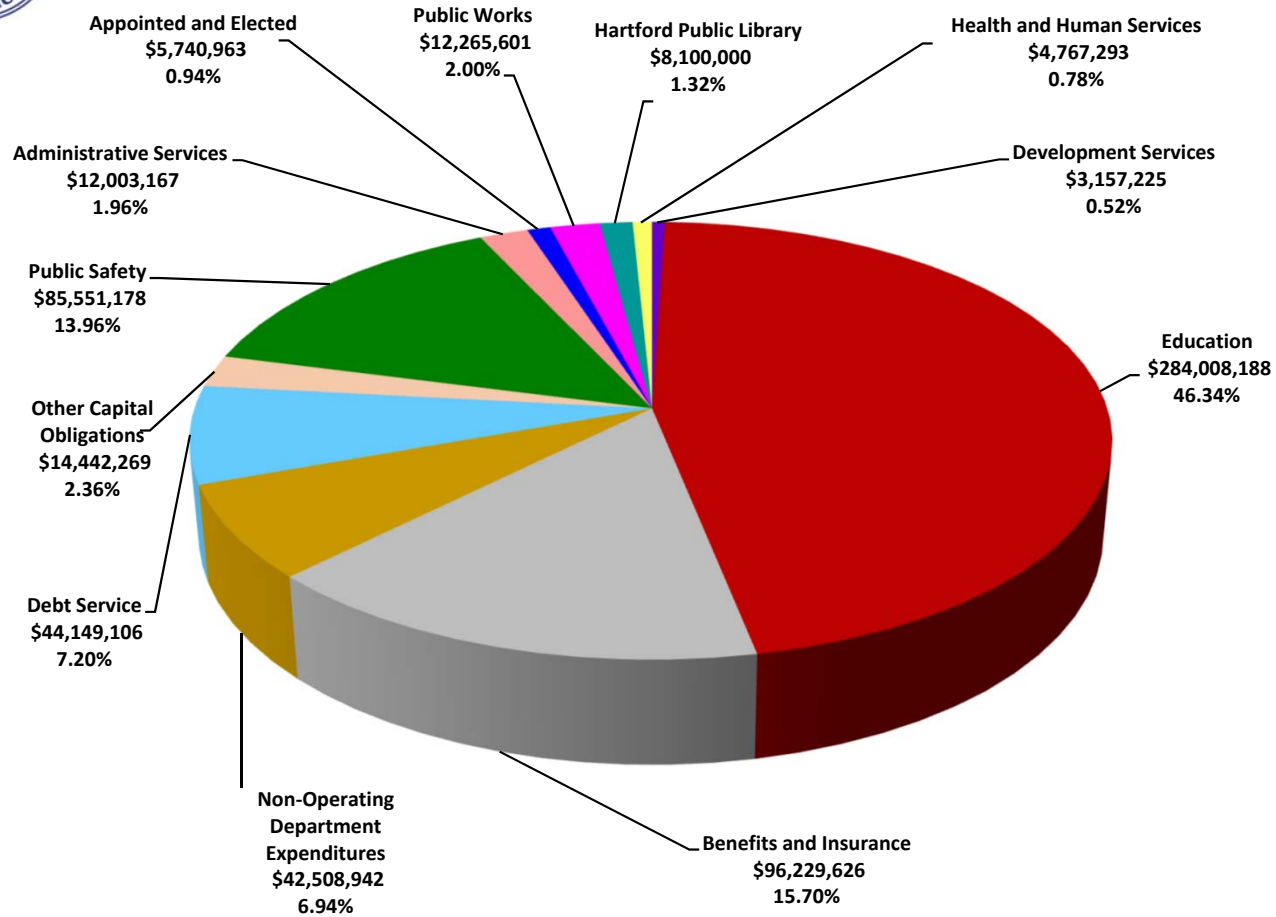


# Components of the Expenditure Budget



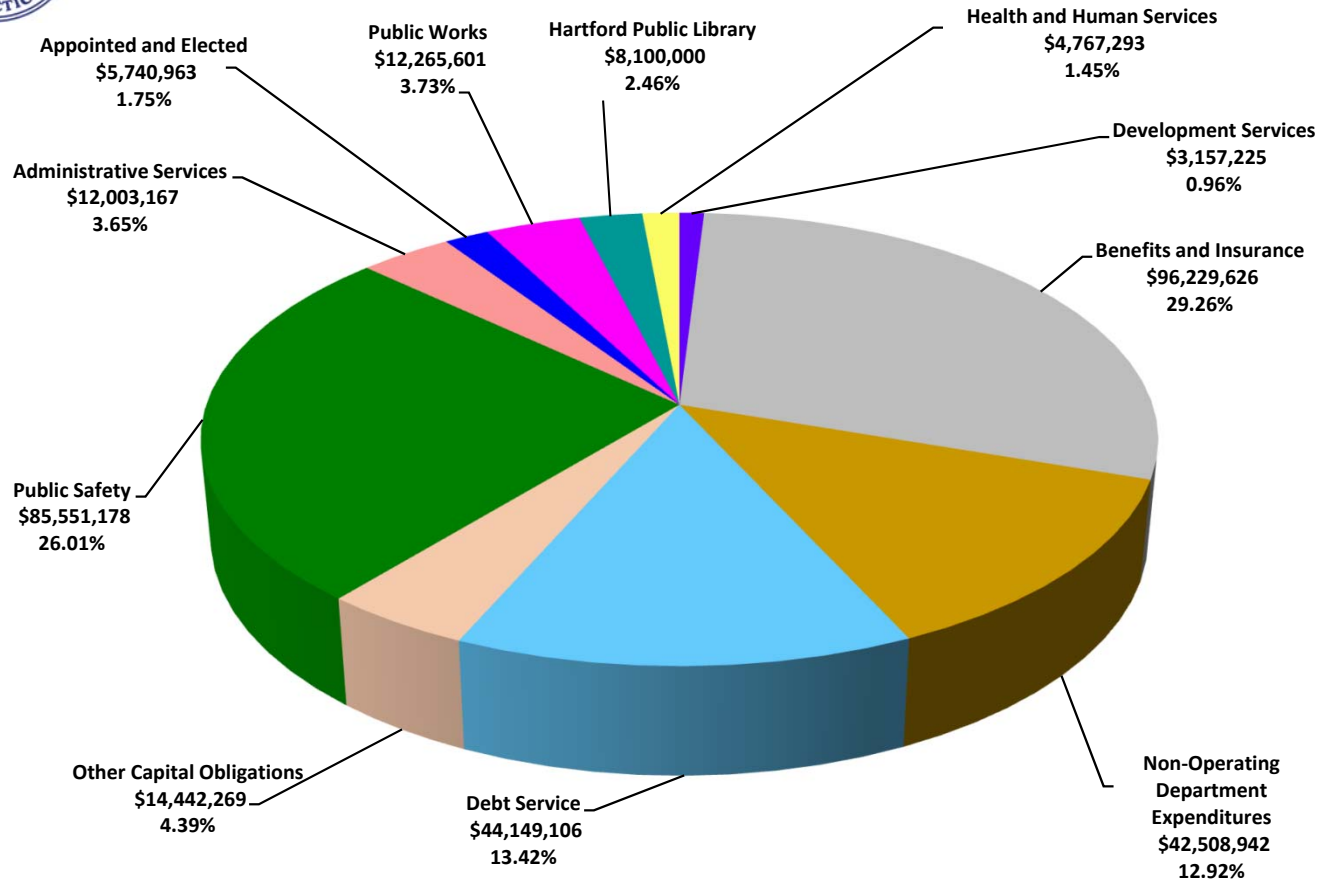


## 2018 Budget by Department / Functional Area General Fund Budget: \$612.9M



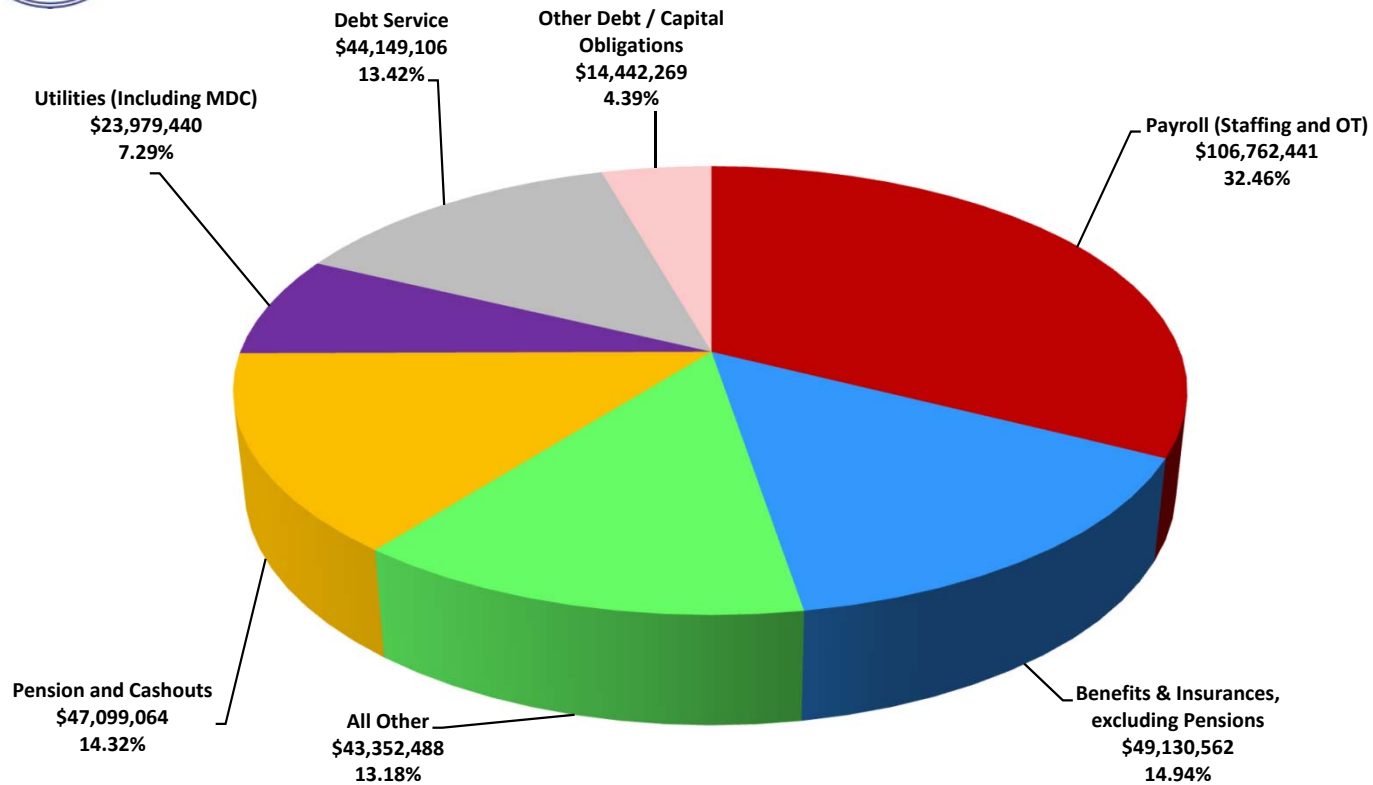


## 2018 General Fund Municipal Budget (excluding Education) By Functional Area: \$328.9M



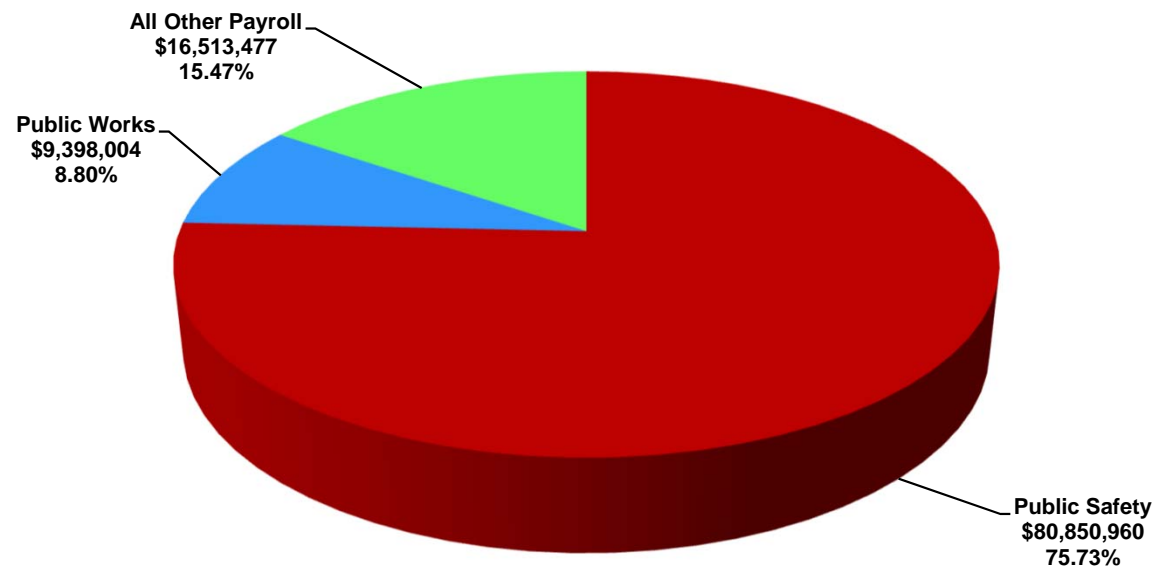


## 2018 Municipal Expenditure (excluding Education) Budget: \$328.9M





## 2018 Personal Services / Payroll (excluding Education) Budget: \$106.8M<sup>1</sup>

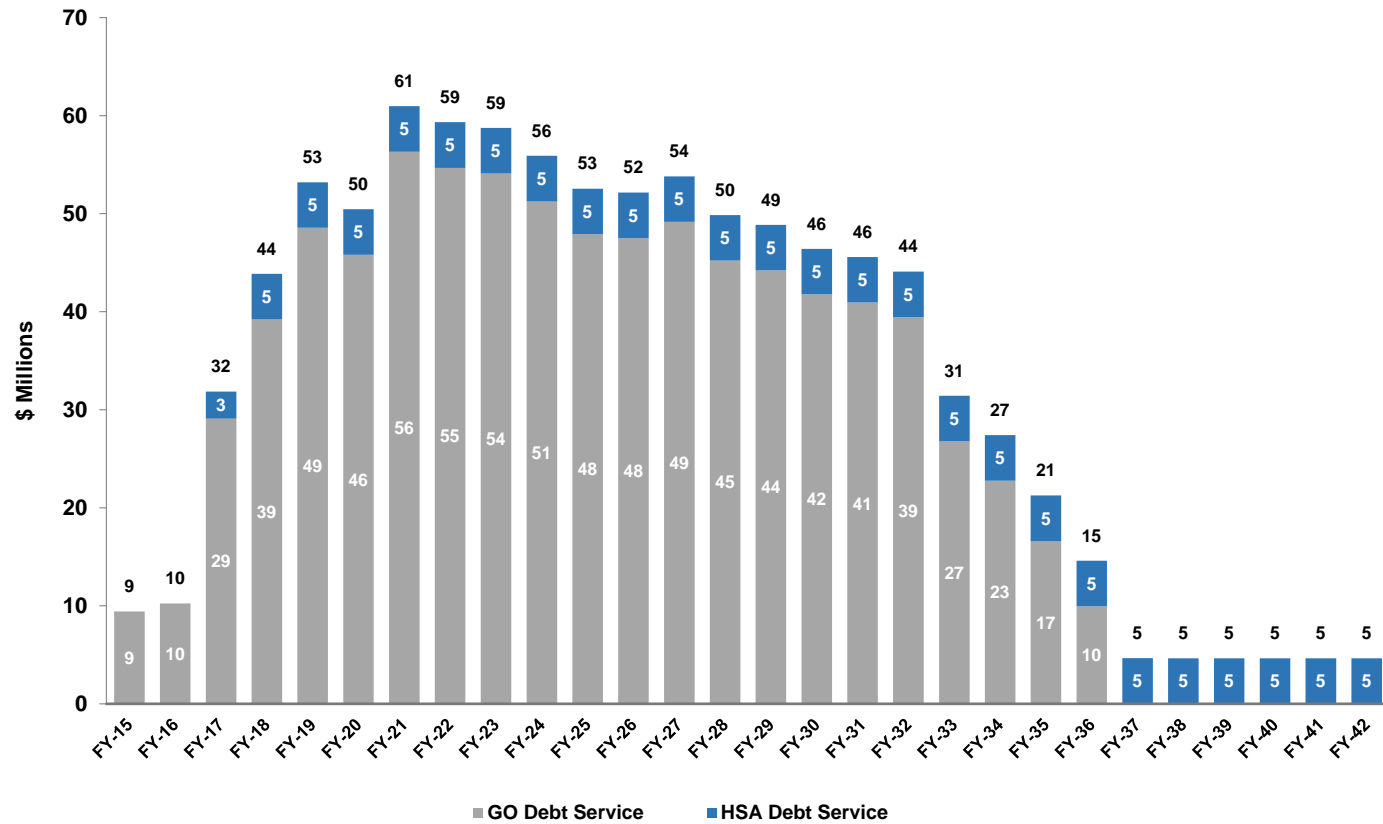


<sup>1</sup> FY2018 Payroll Staffing & OT Budget, excluding Education

FY2018 Headcount is 1,361 positions, which is 146, or 10%, less than the FY2014 level in a 5-year period.



# Debt Service





## Benefits and Insurances

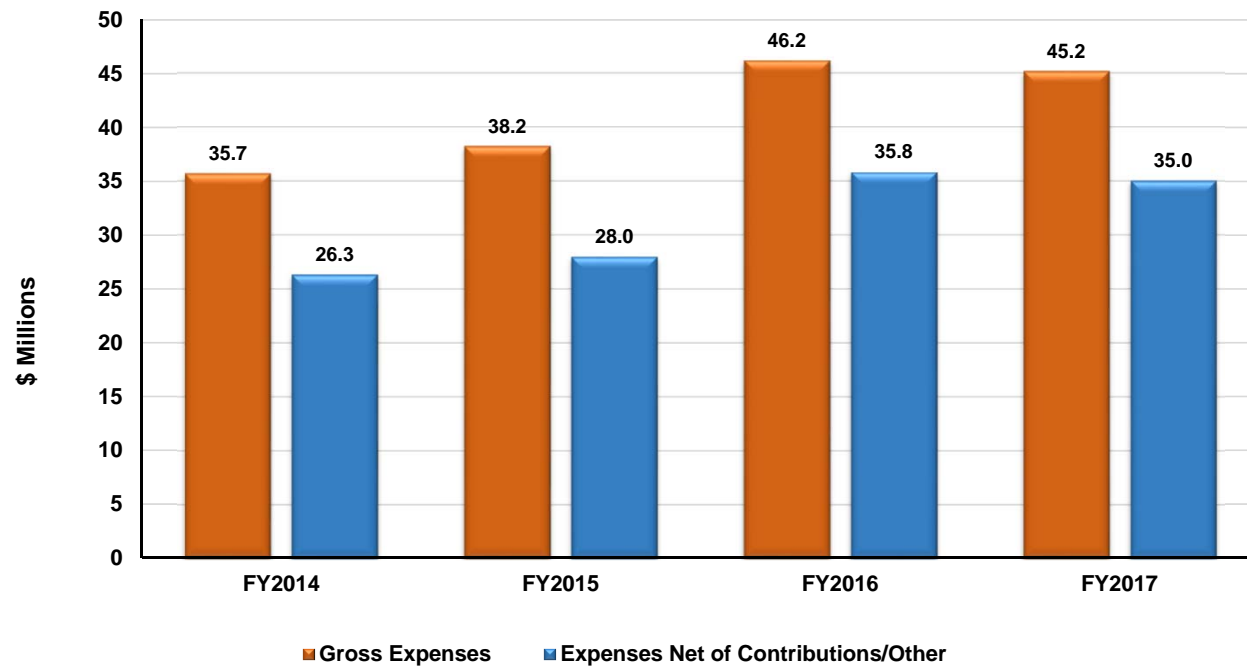
Description	FY2018 Amount	% of FY2018 Subtotal
Health Insurance <sup>1</sup>	38,352,436	68.2%
Workers Compensation	5,558,000	9.9%
Property, Liability, & Other Insurances	4,615,000	8.2%
Wage Reserve	2,650,000	4.7%
Life Insurance	315,652	0.6%
Social Security, Unemployment, and Other Benefits	4,739,474	8.4%
<b>Subtotal</b>	<b>56,230,562</b>	100.0%
Other Expenditure Credits <sup>2</sup>	(7,100,000)	
<b>Total</b>	<b>49,130,562</b>	

<sup>1</sup> 1,293 Active Members / 3,419 Covered Lives and 1,388 Retiree Active Members / 2,027 Covered Lives

<sup>2</sup> Other Expenditure Credits include \$4.0M in Labor Concessions, \$2.6M in Fringe Reimbursements, and \$0.5M in Attrition savings.



## Historical Health Expenditures





## OPEB Liability

- OPEB valuation as of July 1, 2015<sup>1</sup>
  - Unfunded Actuarial Accrued Liability: \$279M
  - Annual Required Contribution: \$26.5M for 6/30/17
  - CAFR (6/30/17) expenditures: \$14.859M

<sup>1</sup> City of Hartford OPEB valuation is completed every 2 years. Most recent report issued November 10, 2016.





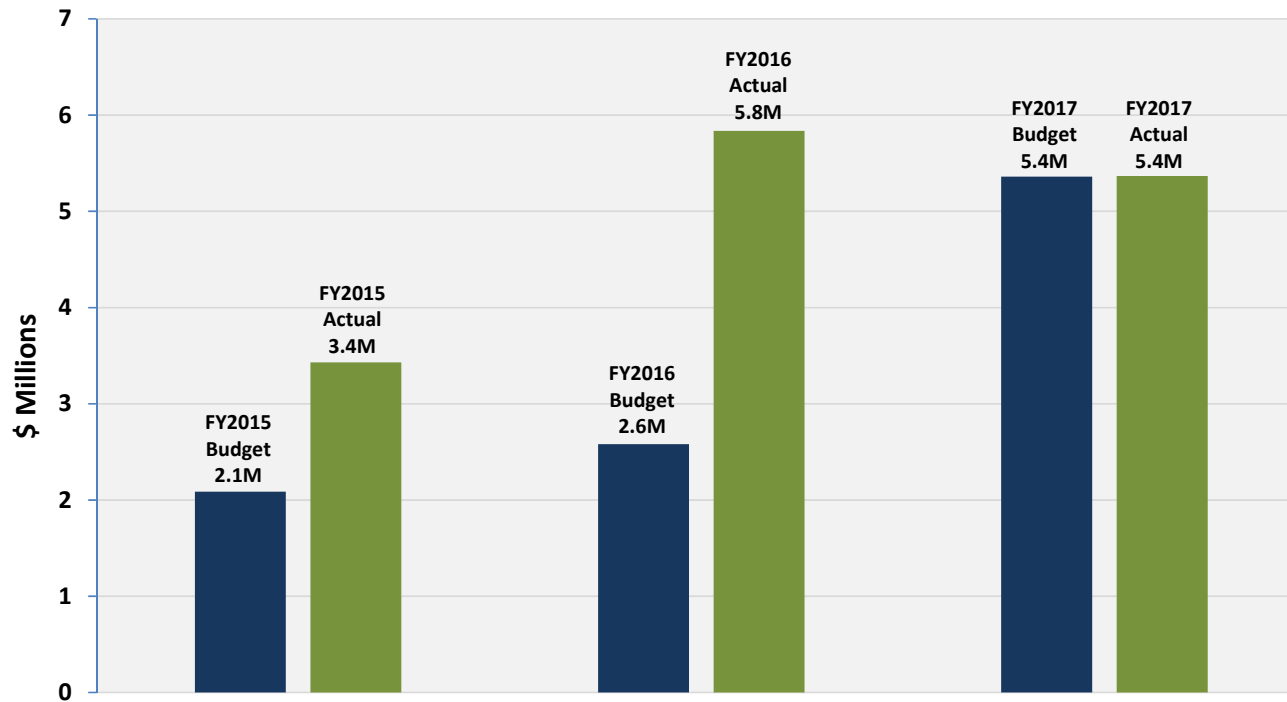
## Pension & Cashouts

- The City Charter requires full funding of the annual pension ADEC.
- Funded status of the MERF pension plan is 74.8% as of July 1, 2016 (April 2017).
- Assets are valued at \$1 billion.
- Assumed investment return of 7.5% in FY2018.

PENSION AND CASHOUT CATEGORY	FY2018 ADP	
	BUDGET	%
MUNICIPAL EMPLOYEES RETIREMENT FUND (MERF)	39,089,489	83.0%
CONNECTICUT MUNICIPAL RETIREMENT SYSTEM (CMERS)	1,695,000	3.6%
CLOSED PLANS	714,575	1.5%
PENSION SUB TOTAL	41,499,064	88.1%
CASHOUTS	5,600,000	11.9%
<b>GRAND TOTAL</b>	<b>47,099,064</b>	<b>100.0%</b>



## Vacation and Sick Cashouts

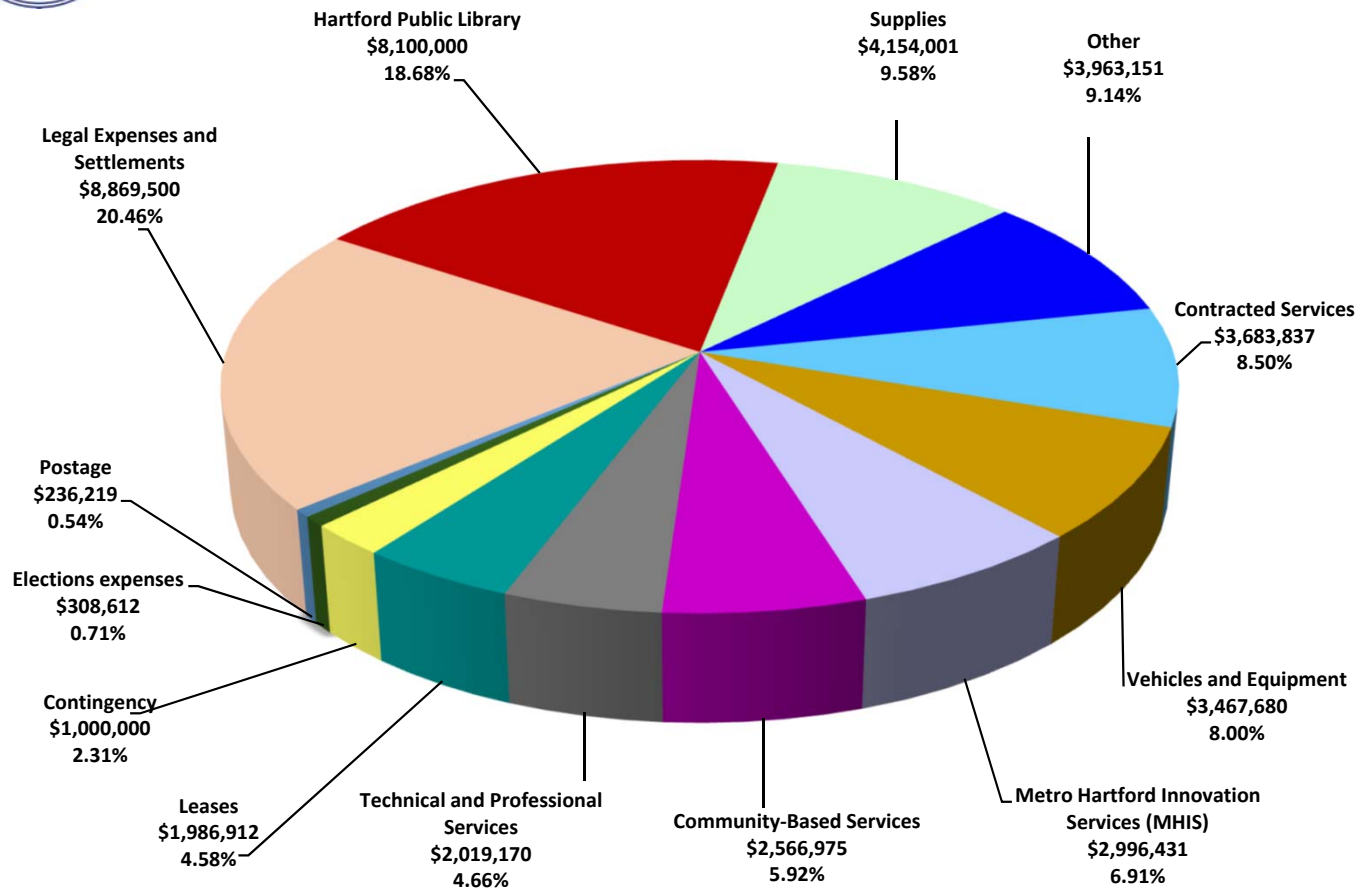


*FY2016 actuals are 70% higher than FY2015 actuals*

*FY2017 actuals are 56% higher than FY2015 actuals*



# 2018 All Other Expenditures Budget: \$43.4M





## **Budget Reduction Measures Implemented**



## FY2017: Steps Taken to Mitigate Budget Deficit

Reduction	Amount
Eliminated approximately 100 positions or 15% of non-uniformed personnel (salaries and fringe)	9,417,407
Shifted Police Business & Community Service Officers to Patrol/Reduce Overtime	2,794,910
Drastically reduced funding for external agencies and organizations	2,010,075
Eliminated special event subsidies for parades and festivals	600,000
Reduced Library branch hours & other administrative services reductions	600,000
Rebid all property, liability and other insurance contracts	500,000
Reduced Families/Youth/Recreation programming and services	384,397
Restructured customer service model for Tax Assessor & Tax Collector offices	428,231
Restructured DPW sanitation routes	264,229
Reduced DPW City fleet and other contractual services	155,000
Reduced Health & Human Services Dial-A-Ride service	59,876
Reduced non-personnel citywide	1,337,023
<b>Total Reductions</b>	<b>18,551,148</b>



## FY2018: Steps Taken to Mitigate Budget Deficit

Reduction	Amount
MERF Actuarial Re-estimate (result of contract with firefighters)	1,592,511
Leased Space Reductions	2,400,000
Community-Based Organizations	831,955
Additional Police Attrition	606,385
Hartford Public Library	228,040
Dial A Ride	44,000
School Crossing Guards (Cost assumed by BOE)	1,208,000
Vehicles & Equipment	459,663
Workers Compensation	150,000
Salary Related Savings	800,323
Other Non-Personnel	512,284
<b>Total Reductions</b>	<b>8,833,161</b>



## Summary of Cost Savings and Reductions FY2014 through FY2018

### Cost Savings and Reductions

<b>Fiscal Year</b>	<b>Savings</b>
FY2014	3,666,027
FY2015	1,394,493
FY2016	2,657,705
FY2017	18,551,148
FY2018	8,833,161
<b>Grand Total</b>	<b>35,102,534</b>

### All Cost Savings and Reductions by Type (FY14-FY18)

<b>Type</b>	<b>Savings</b>
Salary	19,487,049
Non-Personnel	15,615,485
<b>Grand Total</b>	<b>35,102,534</b>

*\$35.1M of savings is over 10% of the City's non-education budget*



## Department Cost Savings and Reductions FY2014 through FY2018

Department	Savings
111-Mayor's Office	357,349
112-Court of Common Council	169,573
113-City Treasurer	81,843
114-Registrars of Voters	87,654
116-Corporation Counsel	338,983
117-Town and City Clerk	159,866
119-COO	715,165
120-Communications and New Media	343,705
122-Metro Hartford Innovation Services	637,188
123-Finance	1,001,590
125-Human Resources	651,110
128-Management, Budget & Grants	237,914
132-Families, Children, Youth and Recreation	1,765,739
211-Fire	1,564,292
212-Police	6,584,882
213-Emergency Services & Telecommunications	1,066,060
311-Public Works	1,955,932
420-Development Services	1,364,447
520-Health and Human Services	1,975,341
721-Library	828,040
820-Benefits and Insurances	6,048,162
822-Non Operating Dept. Expenditures	6,053,092
City-wide	1,114,607
<b>Grand Total</b>	<b>35,102,534</b>





## Labor Savings: Fire

- Contract term of 4 Years: FY17 - FY20
- Successfully negotiated 4 years of 0% General Wage Increases
- Transitioned from PPO to HDHP/HSA Plan for health insurance
- Increased Health Premium Cost Shares from 11% to 18%
- Increased Pension Employee Contribution by 3% pts on all wages; new pension benefits for new hires that reduces multiplier & caps benefit at 70%
- New salary schedules for new hires that reduces max annual salaries by 10-15%
- Adjusted Retiree Health
  - **Pre 2007 (after 12/31/17):** Pre-age 65 fixed premium increased by 20%; Coverage changes consistent with active employees (includes employer HSA contribution); At age 65 receive \$250 monthly stipend in lieu of City-provided insurance
  - **Post 2007:** Employees contribute 1% of base salary during active employment and pay 50% of monthly premium rate as retirees; Coverage changes consistent with active employees (no employer HSA contribution)
  - **New Hires:** Employees contribute 2% of base salary during active employment and receive \$500 monthly stipend in lieu of City-provided insurance until age 65
- Decreased in Sick Leave Payout at retirement
  - **New Hires:** Max Accrual of 80 days; no payout
- Total Annualized Savings in FY19: \$3.9m



## Labor Savings: Police

- Contract term of 6 Years: FY17 - FY22
- Successfully negotiated 4 years of 0% General Wage Increases
- Transitioned from PPO to HDHP/HSA Plan for health insurance
- Provides PPO buy-up option for current members, which sunsets 6/30/2022
- Increased Health Premium Cost Shares from 14% to 20%
- Increased Pension Employee Contribution by 3% pts; new pension benefits for new hires that reduces multiplier & caps benefit at 70% of base wages
- Adjusted Retiree Health:
  - **Current Employees:** Coverage changes consistent with active employees; Not able to purchase or remain on City plan at age 65
  - **New Hires:** Employees will contribute % of salary during active employment and receive a monthly stipend in lieu of City-provided insurance until age 65
- Decrease in Sick Leave Payout at retirement
  - **Current Employees:** Max Accrual of 120 days; payout is 50% to a maximum of 60 days
  - **New Hires:** Max Accrual of 80 days; no payout
- Total Annualized Savings in FY19: \$3.5m



## Labor Savings: CHPEA

- Contract term of 4 Years: FY17 - FY20
- Successfully negotiated 4 years of 0% General Wage Increases
- Transitioned from PPO to HDHP/HSA Plan for health insurance
- Increased Health Premium Cost Shares from 16.5% to 18.5%
- Increased Pension Employee Contribution by 2.5% pts; new pension benefits for new hires that reduces multiplier, caps benefit at 70% of base wages & modifies eligibility for normal and early retirements
- Adjusted Retiree Health
  - **Current Employees:** Coverage changes consistent with active employees; Not able to purchase or remain on City plan at age 65
  - **New Hires:** Not able to purchase or remain on plan
- Decrease in Sick Leave Payout at retirement (Current employee YOS as of 12/31/17)
  - **Employees with 5-9 YOS:** Max Accrual of 100 days plus 4 days for each year completed as of 12/31/17; payout is 35% plus an additional 2% for each full YOS over 5 YOS as of 12/31/17
  - **Employees with < 5 YOS:** Max Accrual of 100 days plus 4 days for each year completed as of 12/31/17; payout is 35%
  - **New Hires:** Max Accrual of 80 days; no payout
- 2 Furlough Days per fiscal year
- Total Annualized Savings in FY19: \$0.2m



## Labor Savings: 1716

- Contract term of 6 Years: FY16 - FY21
- Successfully negotiated 4 years of 0% General Wage Increases
- Transitioned from PPO to HDHP/HSA Plan for health insurance
- Provides PPO buy-up option for current members, which sunsets 6/30/2021
- Increased Health Premium Cost Shares from 12% to 15%
- Adjusted Retiree Health
  - **Current Employees:** Coverage changes consistent with active employees; Not able to purchase or remain on City plan at age 65
  - **New Hires:** Not able to purchase or remain on plan
- Decrease in Sick Leave Payout at retirement
  - Max Accrual of 120 days; payout is 50% or 40 days, whichever is less
- Workers' Compensation salary differential between take-home pay and minimum W/C threshold reduced from 1 year to 6 months
  
- Total Annualized Savings in FY19: \$0.9m

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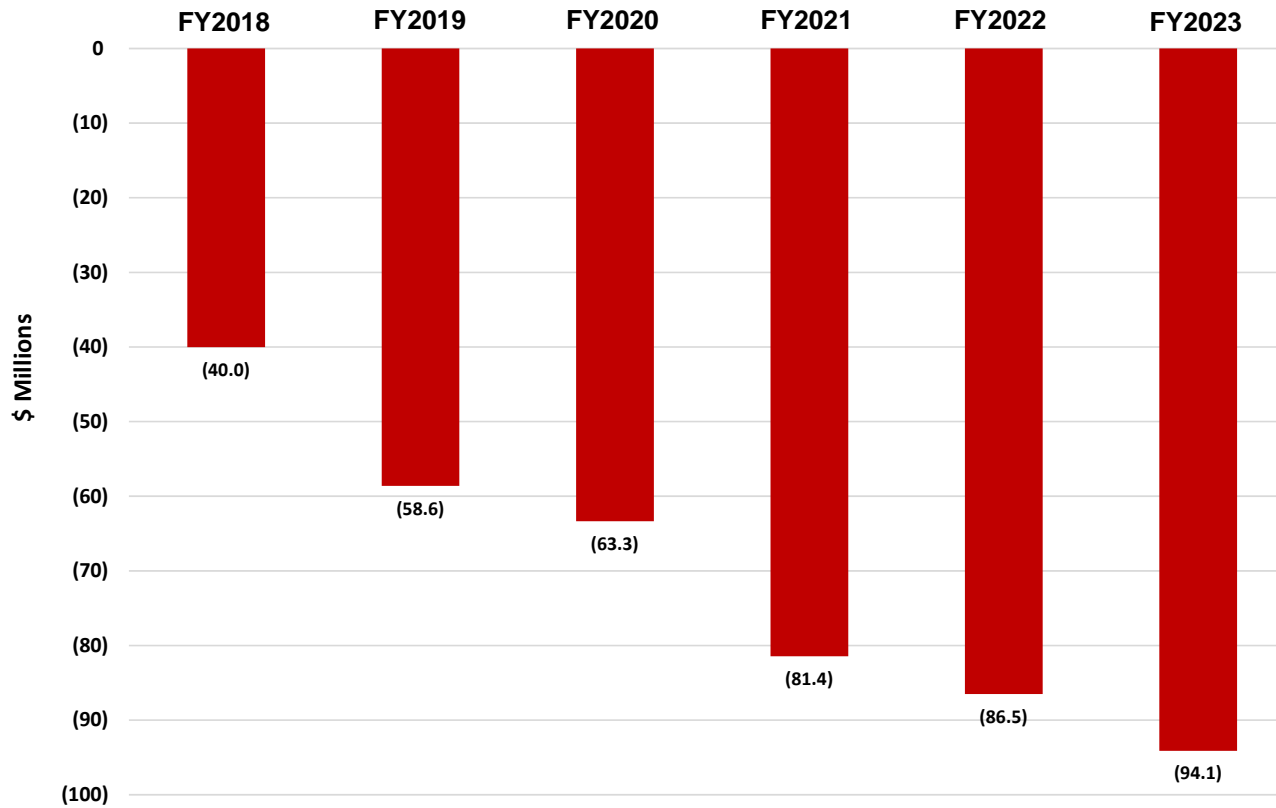
**Total Annualized Labor Savings: \$8.6M**



# Recovery Plan



# Forecasted Deficits





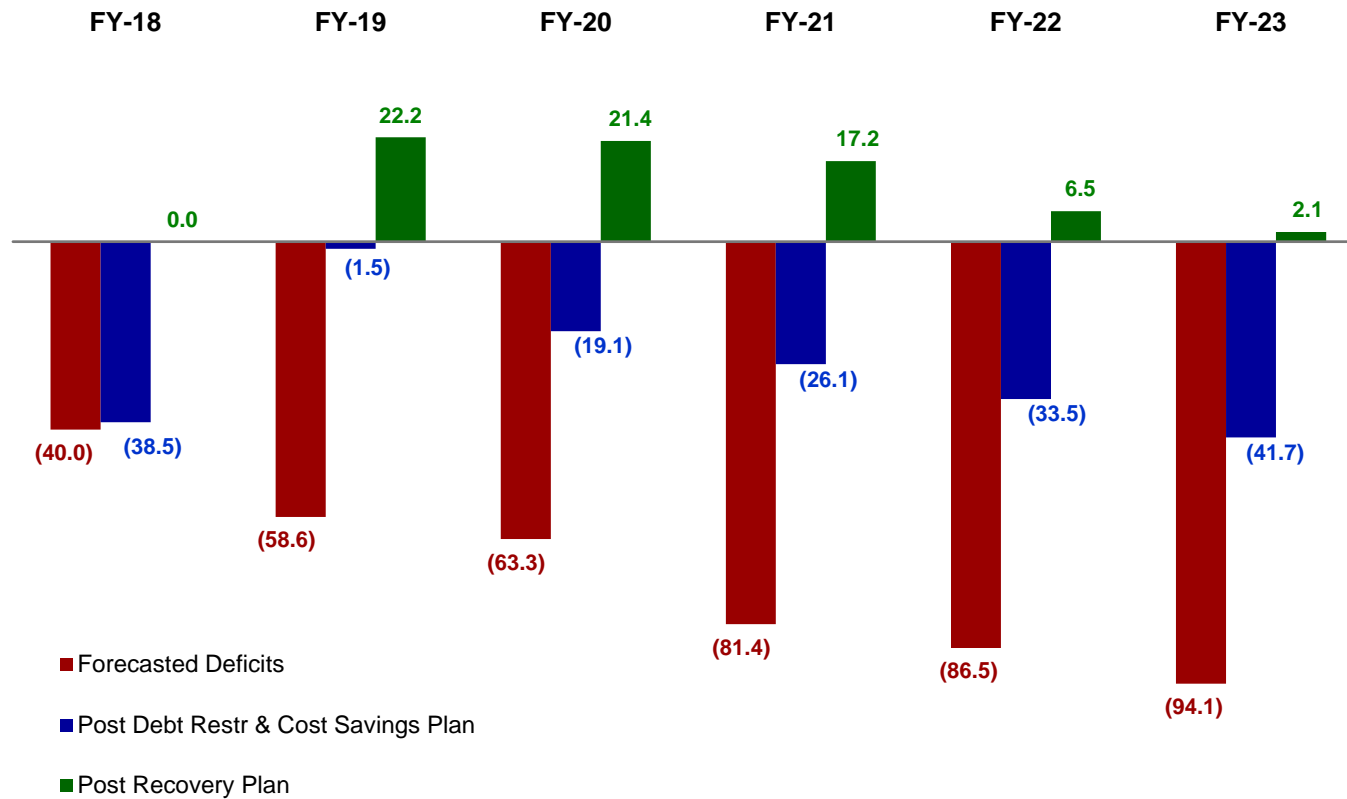
# Recovery Plan

## City of Hartford Recovery Plan

	FY-18	FY-19	FY-20	FY-21	FY-22	FY-23
Revenues	\$563.3	\$566.8	\$573.0	\$578.4	\$583.4	\$587.6
Expenses	(604.9)	(618.9)	(629.8)	(653.3)	(663.4)	(675.2)
<b>Deficit Prior to Bipartisan State Budget</b>	<b>(\$41.6)</b>	<b>(\$52.1)</b>	<b>(\$56.9)</b>	<b>(\$74.9)</b>	<b>(\$80.0)</b>	<b>(\$87.6)</b>
(+) Municipal Stabilization Grant	4.5	3.2	3.2	3.2	3.2	3.2
(-) PILOT Payments	(7.1)	(7.8)	(7.8)	(7.8)	(7.8)	(7.8)
(-) Car Tax Share	(1.8)	(5.2)	(5.2)	(5.2)	(5.2)	(5.2)
(-) Mashantucket/Pequot & Town Aid Road		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
(-) Elderly Renters Rebate Program	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
(+) MIRA	1.0	1.0	1.0	1.0	1.0	1.0
<b>Subtotal Munic Aid Impact</b>	<b>(3.7)</b>	<b>(9.1)</b>	<b>(9.1)</b>	<b>(9.1)</b>	<b>(9.1)</b>	<b>(9.1)</b>
(+) Motor Vehicle Mill Rate	2.7	5.1	5.1	5.1	5.1	5.1
(-) Loss of Admissions Tax Stadium Revenues	(0.2)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)
(-) CIP Salaries	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)	(2.2)
(+) Favorable Projection	4.9	-	-	-	-	-
<b>Forecasted Deficits</b>	<b>(\$40.0)</b>	<b>(\$58.6)</b>	<b>(\$63.3)</b>	<b>(\$81.4)</b>	<b>(\$86.5)</b>	<b>(\$94.1)</b>
(+) Current GO Debt Service	-	48.7	45.8	56.4	54.8	54.2
(-) Debt Service Post Restructuring	-	(20.0)	(31.0)	(31.0)	(31.0)	(31.0)
(+) Contract Assistance for Debt Service Payments	-	20.0	20.0	20.0	20.0	20.0
<b>Deficit with Proposed Debt Restructuring</b>	<b>(\$40.0)</b>	<b>(\$9.9)</b>	<b>(\$28.6)</b>	<b>(\$36.0)</b>	<b>(\$42.7)</b>	<b>(\$50.9)</b>
(+) Labor cost savings	1.6	6.3	7.4	7.8	7.1	7.1
(+) OPEB cost savings	-	2.1	2.1	2.1	2.1	2.1
<b>Deficit / Surplus with Cost Savings Plan</b>	<b>(\$38.5)</b>	<b>(\$1.5)</b>	<b>(\$19.1)</b>	<b>(\$26.1)</b>	<b>(\$33.5)</b>	<b>(\$41.7)</b>
(+) New Debt Issuance Removal	-	3.8	7.5	11.3	15.0	18.8
<b>Subtotal less New Debt Issuance</b>	<b>(38.5)</b>	<b>2.2</b>	<b>(11.6)</b>	<b>(14.8)</b>	<b>(18.5)</b>	<b>(22.9)</b>
(+) Municipal Restructuring Funds	38.5	20.0	25.0	25.0	25.0	25.0
(+) School Construction Reimbursements	-	-	8.0	7.0	-	-
<b>Available for PayGo CapEx Financing</b>	<b>-</b>	<b>\$22.2</b>	<b>\$21.4</b>	<b>\$17.2</b>	<b>\$6.5</b>	<b>\$2.1</b>



# Recovery Plan







# Closing Remarks

