



# 2018 Budget Presentation

# Budget Themes:

## 1. Invest in ourselves

- a) **Implement the Compensation Study to greatest extent possible**
- b) **Commit to a healthier workforce, with the benefit of cutting costs**
- c) **Place people before operations**

# Budget Themes:

## 2. Refine practices

- a) **Abolish long term vacancies**
- b) **Realistically fund financial liabilities (Transit, Street Lights, Probation Services)**
- c) **Various administrative procedures which could result in indirect cost savings**

# Budget Themes:

## 3. Adjust to new realities

- a) **Electric franchise fees continue to decrease (loss of industry, changing weather patterns, conservation)**
- b) **Tag Ad Valorem Taxes also continue to decrease**
- c) **Uncertainty related to other revenue sources (LOST)**

# Compensation Study Update

- ◎ **Archer Company reviewed draft pay plan recommendations with Department Heads**
  - Individual meetings October 11-13
- ◎ **Revising draft pay plan**
  - Incorporate feedback from department heads
  - Modify plan to fit within financial restraints
- ◎ **Presenting Final Recommendations on Nov 7**

**As presented, this budget provides for \$2.3M for salary increases.**

**Ideally, that would be \$3-4M.**

## 2018 Healthcare Savings

- Review of claims paid in 2016 and part of 2017
- Projected \$400,000 for 2018
  - Addition of deductibles (300/600/900)
  - Increase in PC/Specialist co-pay (from 30/50 to 40/60)
  - Increase in ER/co-pay (from 300/400)
- Most of savings result from addition of deductibles
- First employee adjustments since 2012. 5% hike

# Healthcare Premiums

## Current Rates

HMO Plan 2017		
	Wellness Rate	Standard Rate
Employee	\$48.96	\$53.86
Employee & 1 Dep	\$97.93	\$107.73
Employee & 2+ Deps	\$146.90	\$161.59

POS Plan Effective: 1/1/17		
	Wellness Rate	Standard Rate
Employee	\$54.36	\$59.80
Employee & 1 Dep	\$108.72	\$119.59
Employee & 2+ Deps	\$163.07	\$179.38

## 5% Increase Effective 1/1/18

HMO Plan Effective: 1/1/18		
	Wellness Rate	Standard Rate
Employee	\$51.41	\$61.94
Employee & 1 Dep	\$102.83	\$123.89
Employee & 2+ Deps	\$154.25	\$185.83

POS Plan Effective: 1/1/18		
	Wellness Rate	Standard Rate
Employee	\$57.04	\$68.77
Employee & 1 Dep	\$114.16	\$137.53
Employee & 2+ Deps	\$171.22	\$206.29

Per paycheck rates

# Prescription Costs Year over Year

- **Total Savings year over year \$910,185.38**
- **Projected Savings with Mandatory Mail Order - \$700-\$800k**
- **Projected Savings without Mandatory Mail Order - \$500-\$600k**
- **Savings will be invested in the Wellness Center**

# 2017 Overview

- The consolidated government is comprised of over 30 functional areas organized in the broad categories of General Government, Public Safety and Judicial
- Total authorized positions for 2017 ---- 2842
- Adopted budget all funds for 2017 ---- \$789,642,480
- General Fund \$153,890,120

# 2018 Overview

- The consolidated government is comprised of over 30 functional areas organized in the broad categories of General Government, Public Safety and Judicial
- Total proposed positions for 2018 ---- 2817 (Approximately)
- Adopted budget all funds for 2018 ---- \$821,325,100
- General Fund: \$155,165,810

# 2018 Budget Assumptions and Highlights

- 1% growth in property tax
- 1% growth in LOST
- \$1.125M decrease in electric franchise fee
- Level funding for NGO's

## Expenditures are at 2017 levels with the following exceptions:

- 330,000—Elections
- \$250,000—URA Debt Service
- \$735,000—Probation
- \$750,000--Transit
- \$250,000— Increase to Contingency
- \$100,000—Pension Health Benefit
- \$1.75M—Increase to Fire Services Millage (.5)

## External pay franchise fees as follows:

5% for Cable

4% for Electric

3% for Telephone

3% for Gas

Total payments for Knology, Comcast, Georgia Power, Jefferson Electric, Atlanta Gas Light in 2018 is estimated at \$17,094,550. This represents the maximum under regulations of the Public Service Commission.

Internal entities paying franchise fees are Augusta Utilities Department, Environmental Services, and the Storm Water Utility, each at 5%.

Total payments in 2018 are \$7,121,161 Recommendation is 5.5% in 2018, or an increase of \$647,000.

# What are our Options to generate additional funding for pay adjustments?

**Eliminate the transfer to Fund Balance**

**OR**

**Impose Energy Excise Tax**

# Energy Excise Tax - Pros

- **It only affects businesses which received benefit of HB 386 exemption**
- **It replaces sales tax that was eliminated**
- **Does not put the burden of funding a state program on the local citizens who did not receive a direct benefit**
- **Industries that stated this would cause them to leave, still left. Counties that did implement have not seen mass exodus.**
- **Only the firms that received the 6% benefit will be charged 2%. Still have net 4% reduction (state amount)**
- **Full year yields \$2.5M in 2019**

# Energy Excise Tax - Cons

**Strong opposition from pro business groups**

## Elimination of transfer to Fund Balance:

Pros: Does not impose a tax

Cons: Leaves us in a weaker financial position which could affect future bond transactions

We have not yet replenished the reserve for extraordinary losses

Does not create additional funding in 2019

# Budget Calendar

- Administrator Presents Budget 10/17/17
- Commission Workshops 10A -12N 10/23/17  
10A -12N 11/01/17  
12N – 2P 11/07/17  
10A -12N (If needed) 11/13/17
- Budget Approval 11/21/17

# Next Steps

- This is a preliminary plan
- Revenue may be adjusted
- We expect the Commission to identify additional priorities

# Special Thanks

- Office of the Administrator's Staff
- Finance Department
- All Departments & Agencies