

Human Resources Department

Mission

Making the City a great place to work.

Organization

The Human Resources Department is responsible for recruitment, hiring, training, payroll, employee benefits, risk management, labor relations and administration of the City's three pension programs.

Objectives

- ❖ Recruiting and hiring outstanding employees.
- ❖ Providing affordable, quality health, dental, vision and voluntary benefits.
- ❖ Providing accurate payroll services.
- ❖ Enhancing professional development of employees.
- ❖ Maintaining stable and comprehensive property, liability and workers' compensation insurance coverage.
- ❖ Developing and maintaining personnel policies, classification and pay plans.
- ❖ Negotiating union contracts and managing labor relations.
- ❖ Providing effective administration of the City's three retirement systems.

Authorized Positions	FY2019	FY2020	FY2021
Director of Human Resources	1	1	1
Administrative Assistant	1	1	1
Payroll/Benefits Administrator	1	1	1
Payroll Specialist	1	1	1
Human Resources Generalist	1	1	1
Staff Assistant	1	1	1
TOTAL	6	6	6

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Recent Accomplishments

- ✓ Successfully negotiated a 5% increase in health insurance for the 2020 plan year and reduced deductibles and prescription copays, while industry standard increases were in excess of 10%. Requested proposals for health insurance and benefits administration for the 2021 plan year.
- ✓ Successfully requested proposals for property, liability and workers' compensation insurance for FY2020 and through the competitive process, coverage was increased, deductibles were reduced and premium costs were reduced by over \$200,000 a year.
- ✓ Conducted search for candidates for the City Attorney and Public Works Director and coordinated the assessment process.
- ✓ Implemented a pay and classification plan for LIUNA and Managerial and non-union employees.
- ✓ Processed 3,056 applications for 49 positions (excluding seasonal positions), which resulted in 32 average number of qualified candidates per position.
- ✓ Revised the City's recruitment and onboarding process and job descriptions to include the City's new core values.
- ✓ Coordinated the transfer of Fire Department personnel to the City of Jacksonville.
- ✓ Completed the implementation of an automated time and attendance system.
- ✓ Completed the re-statement of the City's three retirement systems' ordinances.

Goals for FY2021

1. Implement the City's organizational vision, with the goal of improving organizational morale and performance.
2. Participate in the re-write of the City's administrative policies and procedures to reflect the City's core values, strategic plan and organizational vision.
3. Review the City's benefit program and make recommendations to enhance employee recruitment and retention. Secure quality health insurance coverage through a competitive request for proposal to provide enhanced benefits at an affordable cost.
4. Implement the Munis payroll system as part of the City's Enterprise Resource Planning (ERP) process.

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Performance Measures

Objective	Actual FY2019	FYTD 3-31-20	Target FY2021
Recruiting and Hiring Qualified Employees			
Total number of applications processed	3,056	1,322	N/A
Average number of qualified candidates per position	32	29	25
Average number of days from advertisement to fill (Non Public Safety)	62	68	45
Providing Affordable Quality Health Benefits			
Number of employees & retirees enrolled in health plans	312	313	338
City contribution for employee health benefit plans	\$2,388,218	\$1,450,526	2,874,794
Providing Accurate Payroll Services			
Number of payroll and pension checks processed	12,721	6,172	12,500
Accuracy of payroll and pension checks	99.0%	99.0%	95.0%
Enhancing Employee Development			
Total number of training/webinar classes offered	19	6	20
Percentage of employees completing six month probation	74%	78%	75%
Total annual employee separation rate	16.26%	14.14%	18.00%
<i>*Bureau of Labor Statistics – Government Industry 2019</i>	19.5%	-	-
Maintaining Stable Comprehensive Insurance Coverage			
Total liability premiums and claims paid	\$1,063,559	\$835,465	\$957,500
Total workers' comp premiums and claims paid	\$573,752	\$262,651	\$574,663
Workers' comp self-insurer experience modification rate	1.08	1.08	<1.00
Providing Reliable and Accurate Retirement Planning Services			
Number of accurate benefit estimates provided	42	19	30

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Funding Sources

Human Resources costs are funded through internal service charges to all departments. Insurance costs are charged directly to each department based on insurable interests.

Financial Summary – Human Resources

Resource Allocation	Actual 2019	Original Budget 2020	Proposed Budget 2021	Increase -Decrease	% Change
Personal Services	\$421,370	\$430,054	\$443,936	\$13,882	3.2%
Operating	\$206,277	\$210,630	\$213,701	\$3,071	1.5%
Transfers	\$0	\$20,000	\$20,000	\$0	0.0%
TOTAL	\$627,647	\$660,684	\$677,637	\$16,953	2.6%

Personal services increases are attributable to the cost of the new pay plan.

Human Resources Budget Issues for FY2021

Labor Relations – The FOP (Police) collective bargaining agreement expires on 9/30/2020. Negotiations with the FOP will commence in the latter part of FY2020.

Financial Summary – Insurance and Risk Management

Resource Allocation	Actual 2019	Original Budget 2020	Proposed Budget 2021	Increase -Decrease	% Change
Personal Services	\$44,100	\$21,504	\$17,436	-\$4,068	-18.9%
Operating	\$4,245,429	\$4,818,901	\$4,520,139	-\$298,762	-6.2%
Capital Outlay	\$0	\$0	\$0	\$0	-
TOTAL	\$4,289,529	\$4,840,405	\$4,537,575	-\$302,830	-6.3%

All property, liability, health insurance and workers' compensation insurance costs are paid through this fund.

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Insurance and Risk Management Budget Issues for FY2021

On June 19, 2019, the City issued a request for proposals (RFP) for property and liability insurance and worker's compensation insurance. Through the RFP process, the City was able to obtain property and liability coverage at savings of over \$200,000 with a reduction in deductibles and a two year rate guarantee for FY2020 and FY2021. The City was also able to obtain favorable workers' compensation insurance, which has allowed the City to fix its workers compensation costs and move away from a self-insured workers compensation program, whose costs were skyrocketing.

For FY2021, the City is projecting a decrease in property, liability and fiduciary insurance and a decrease in workers compensation costs.

The City is projecting no increase in life health and dental insurance.

Coverage/Limits & Deductibles	Budgeted 2020 Premiums	Projected 2021 Premiums
Property (\$25,000 deductible/wind separate, 3% Named Storm)	\$639,293	\$521,780
Liability -\$2,000,000 per occurrence – Deductibles: General Liability: Zero Law Enforcement, Public Official, and Employment Practice: \$25,000	\$309,830	\$225,510
Auto (\$1,000,000 per occurrence/ \$1,000 deductible)	\$104,200	\$77,000
Crime (\$1,000,000 per occurrence/ \$10,000 deductible)	\$11,576	\$11,600
Flood (Building and Contents)	\$20,550	\$13,000
Workers' Comp	\$596,792	\$542,163
Life, Health & Dental	\$2,815,959	\$2,815,959
Other Insurance: Faithful performance, pollution, pension, fiduciary, fuel tanks, police & fire death benefits, and deductibles.	\$116,184	\$108,610
Other Costs: Personnel and professional services, coinsurance, brokerage fees and consulting services, training, professional dues and publications.	\$226,021	\$165,734
TOTAL	\$4,840,405	\$4,537,575

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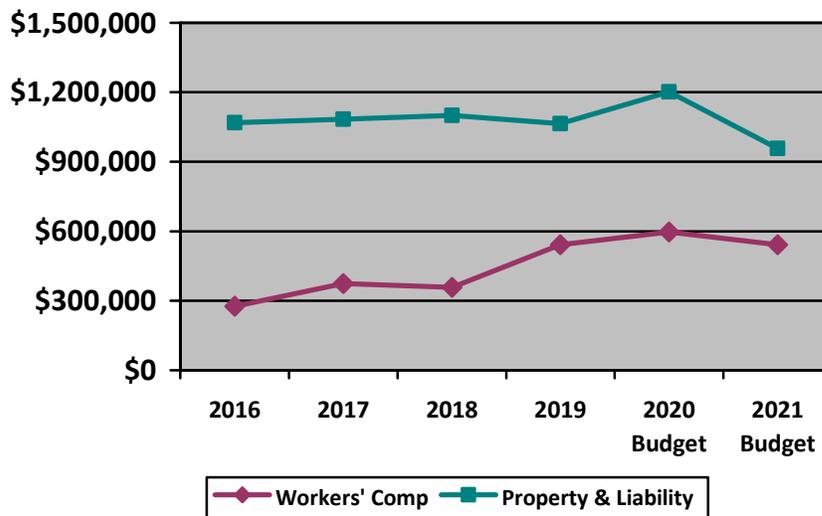
Workers' Compensation

From 2008 to 2020, the City was self-insured for workers compensation claims up to \$150,000, with an excess insurance policy picking up costs over that amount. For many years, this was financially advantageous to the City and the City consistently maintained an experience modification of less than 1.00. However, in 2018 and 2019 the City saw a spike in workers' compensation claims. The City's experience modification rose to 1.08 and claim costs increased 46%.

As a result of the RFP, the City was able to obtain workers compensation insurance coverage from the Florida Municipal Insurance Trust (FMIT) for all new claims beginning in FY2020. The City is still responsible for its self-insured claims prior to this date. Although the City will see significant savings through its coverage with FMIT, these savings will be gradual, as the City must continue to cover its existing self-insured claims until they are closed out.

While self-insured, the City accumulated funds in its Worker's Compensation Fund to handle potential claims. Once the City closes out its existing self-insurance claims, the unused funds in the Worker's Compensation Fund will need to be addressed.

Workers' Comp and Property & Liability Premiums



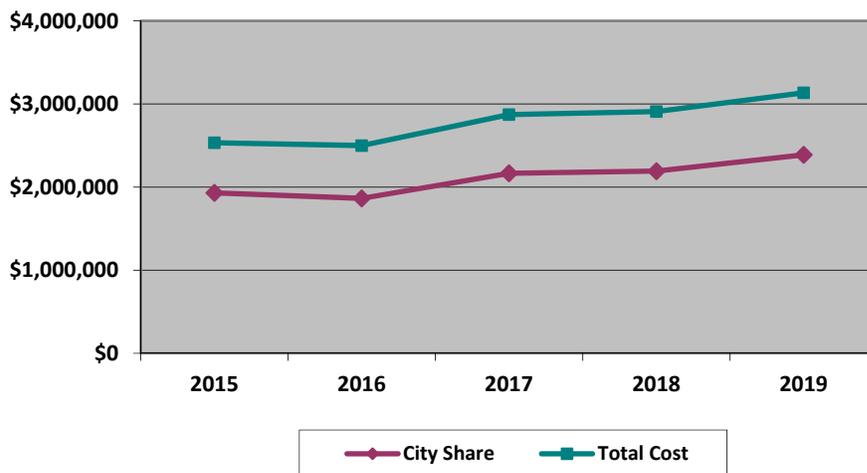
Actual Workers' Comp and Property & Liability costs are shown in 2016 through 2019. Budgeted costs are shown for 2020 and 2021.

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Health Insurance

The City is not projecting increase in health insurance costs for FY2021. The City issued a request for proposals for health insurance and benefits administration, and through competition, the City will be able to maintain existing benefits and hold costs to the same amount as the prior year. This is a significant achievement in an environment where many organizations are seeing increases in health insurance costs in excess of 10%.

Health Insurance Premiums

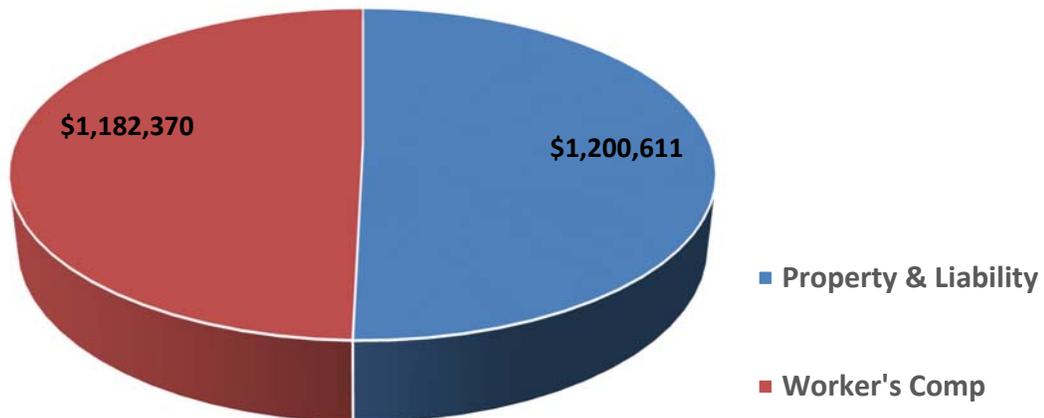


Total health insurance costs in 2019 were \$3,134,815, of which the City paid \$2,388,218 and employees paid \$746,597.

Fund Balance

The self-insurance funds, which consist of the Property and Liability Fund and the Workers' Compensation Fund, maintain a fund balance to cover future potential claims. The total fund balance for both funds was \$2,382,981 in 2019.

Property and Liability, and Workers Compensation Fund Balance



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Performance Measures – Pension Plans

	2015	2016	Actual		
	2015	2016	2017	2018	2019
Percentage funded (historical)¹:					
General	81.4%	78.5%	77.7%	78.1%	79.3%
Police	88.5%	88.3%	88.4%	89.1%	88.4%
Fire	88.5%	77.9%	77.6%	77.1%	72.4%
Accrued unfunded liability (in thousands)¹:					
General	\$11,250	\$13,894	\$15,009	\$15,154	\$14,932
Police	\$2,529	\$2,746	\$2,821	\$2,834	\$3,209
Fire	\$2,386	\$3,270	\$3,524	\$3,860	\$5,303
Net assets held for pension benefits (in thousands)²:					
General	\$47,302	\$49,137	\$52,771	\$55,647	\$57,101
Police	\$18,752	\$19,972	\$22,048	\$23,779	\$24,501
Fire	\$10,700	\$11,141	\$12,312	\$13,344	\$13,886
Market rate of return (all pension funds combined)¹:					
All pension funds	-0.30%	8.2%	12%	9.1%	5.6%
Number of retirees & beneficiaries receiving benefits²:					
General	180	186	189	191	192
Police	41	39	38	37	39
Fire	24	24	23	24	25
Annual benefits paid (in thousands)²:					
General	\$4,052	\$3,930	\$4,600	\$4,556	\$4,648
Police	\$1,263	\$1,211	\$1,177	\$1,161	\$1,702
Fire	\$684	\$933	\$750	\$774	\$968

¹ Actuarial valuations dated October 1

² Audited financial statements dated September 30

Annual City Contribution ³	2017	2018	2019	2020	2021
General	\$1,591,545	\$1,898,689	\$2,100,105	\$2,322,790	\$2,442,960
Police	\$460,548	\$479,669	\$573,416	\$639,037	\$720,529
Fire	\$337,958	\$465,628	\$516,338	\$732,002	\$707,653

³ 2017-2019 from audited financial statements, 2020 and 2021 from actuarial valuation report dated 10.1.18 and 10.1.19.

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Financial Summary – Pension Plans

Funding Sources

Retirement Systems’ costs are funded by City and member contributions, investment earnings and state insurance premium tax dollars for the Police Officers and Firefighters’ pension funds.

Resource Allocation	Actual	Original Budget	Proposed Budget	Increase	%	<i>Personal services increases are attributable to the cost of the new pay plan.</i>
	2019	2020	2021	-Decrease	Change	
Personal Services	\$59,577	\$61,906	\$66,687	\$4,781	7.7%	
Operating	\$7,714,223	\$7,893,424	\$7,934,874	\$41,450	0.5%	
Capital Outlay	\$0	\$0	\$0	\$0	-	
TOTAL	\$7,773,800	\$7,955,330	\$8,001,561	\$46,231	0.6%	

Pension Issues and Uncertainties

In FY2021 City contributions to the pension plans are projected to increase \$177,313 or 5% from FY2020. This is primarily due to changes in the assumed rate of return on investments and the closing of the Firefighters Retirement System.

The Firefighters Retirement System was closed on November 22, 2019 due to an inter-local agreement transferring the City of Jacksonville Beach fire services to the City of Jacksonville. As required per the inter local agreement, the assumed rate of return on investments for the Firefighters’ Retirement System was reduced from 7.75% to 7.00% and the unfunded actuarial accrued liability for the plan was amortized over a ten year period, which also effected the City’s contribution to the pension plan. The assumed rate of return for the General Employees’ and Police Officers’ Retirement Systems was reduced from 7.75% to 7.60%.

In 2017, the pension boards adopted a plan to reduce the assumed rate of return for each of the City’s three plans from 8% to 7.5% over a four year period. Although a change in the assumed rate of return does not affect the long-term costs of the pension plans, it does change the timing and amount of contributions required to support the plans and the funded ratios for the plans.

Uncertainties

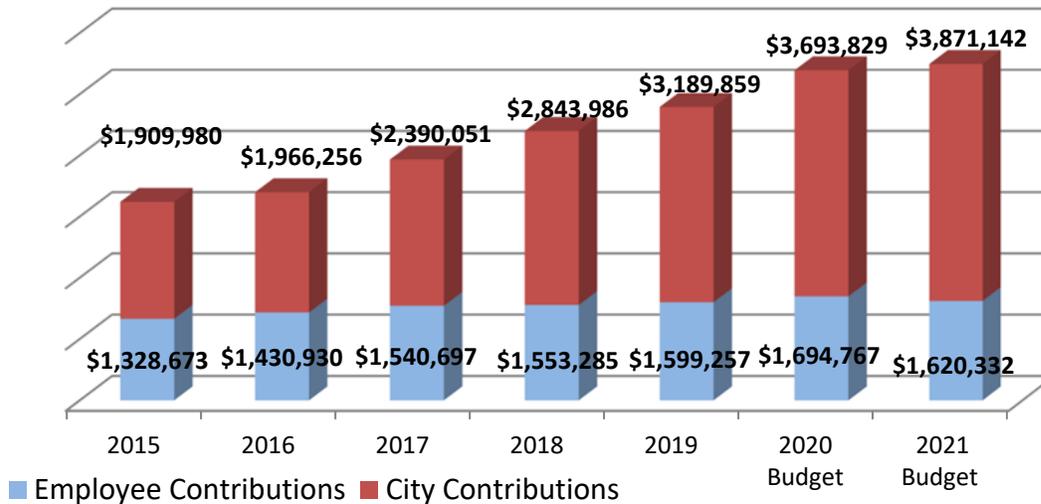
One of the greatest uncertainties facing the City retirement systems will be the impact of the COVID-19 pandemic. The pandemic has created economic disruptions throughout the country and caused significant declines in the financial markets and economic activity. This could result in declines in investment values, which could result in increased contributions from the City or plan members in the future.

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Pension Charts

The following charts show the City and the employee contributions from FY2015 to the amount budgeted for FY2020 and 2021, a comparison of the funding status of each of the plans from FY2015 to FY2019.

Pension Contributions - All Pension Plans



General, Police and Fire Pension Plans Percentage Funded

(Actuarial Valuation Reports 2015-2019)

