



MAYOR & COUNCIL MEMORANDUM

March 4, 2025

Subject: Fiscal Year 2026 (FY26) Budget Discussion and Direction; and
Discussion and Direction Relating to Employee Benefits
(City Wide)

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Issue – Time has been set aside for discussion regarding Fiscal Year 2026 (FY26) Budget and Employee Health Benefits.

City Manager's Office Recommendation – Action is required by the Mayor and Council on the FY26 Employee Health Benefits as outlined in Attachment A. The City Manager's recommendations closely align with the consensus recommendations of the Employee Health Benefits Committee. In addition, Mayor and Council are asked to discuss the information contained in Attachment A and give their comments. Staff have prepared Attachment B to guide the discussion.

Financial Considerations – See Attachment A: Memorandum from Assistant City Manager Anna Rosenberry and Business Services Director Angele Ozoemelum dated March 4, 2025.

Legal Considerations – None at this time.

Respectfully submitted,

Timothy M. Thomure, P.E., ENV SP
City Manager

AO:mlf
Business Services Department

Attachment(s): A – Memorandum from Assistant City Manager Anna Rosenberry and Business Services Director Angele Ozoemelum dated March 4, 2025
B – FY26 Budget Discussion Presentation dated March 4, 2025

MEMORANDUM

To: Honorable Mayor Romero and Council Members

From: Anna Rosenberry, CFO/Assistant City Manager
Angele Ozoemelum, Business Services Director

Subject: FY26 Budget Discussion

This memorandum provides preliminary information on the Unrestricted General Fund Five-Year Forecast, FY26 Base Budget development status, notable efficiency efforts being made, and the City Manager's health insurance recommendation.

Initial Draft of Unrestricted General Fund Five-Year (FY26-FY30) Financial Forecast – The Initial Draft of the Five-Year (FY26-FY30) Unrestricted General Fund Financial Forecast, Exhibit 1, offers a multi-year perspective on anticipated revenues, expenditures, and economic conditions that may impact City operations. This initial forecast serves as a planning tool to help guide budget decisions, assess future funding needs, and identify fiscal challenges and opportunities. This forecast will evolve over the next month as the Manager prepares the proposed FY26 budget recommendation.

As currently developed, the multi-year plan assumes that revenues and expenditures will both continue to grow annually at rates similar to recent growth trends. The plan does not account for the risks of an economic downturn or, more recently experienced, the uncertainty surrounding federal funding levels or trade tariffs. A slowdown in the economy could reduce key revenue sources, while shifts in federal policy or grant funding could create timing gaps or reductions in anticipated resources, and trade tariffs could increase costs of goods and equipment purchased. We are monitoring economic trends and favor maintaining fiscal flexibility, which will be essential to managing these risks and promoting long-term financial stability.

The Five-Year (FY26–FY30) Unrestricted General Fund Financial Forecast has been updated to include the FY26 base budget. The FY26 figures are based on the adopted FY25 operating budget with minor revisions, plus an additional \$17.1 million identified as potential base increases for contractual commitments and inflation adjustments. The City Manager is analyzing these items and no final decision has been made regarding an increase to base budgets. These decisions will be finalized in the coming weeks.

Some key highlights from the initial draft five-year financial plan include:

- The projected operating deficit for FY26 is currently estimated at \$13 million, an improvement from last year's forecasted FY26 deficit of \$23.8 million. However, the

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remaining \$13 million shortfall will need to be addressed when the City Manager presents the proposed FY26 budget in April.

- The estimated unrestricted cash balance at the end of FY26 is \$7.4 million, significantly lower than last year's forecast of \$23 million.
- Existing commitments for one-time funding needs from FY27 to FY30 total \$44 million, exceeding the projected available cash balance.
- Annual deficits and negative cash balances are projected for FY27 through FY30.
- The passage or rejection of Prop 414 does not have a material impact on these budget and cash balance projections, as ongoing operating expenses and one-time commitments are largely separate from Prop 414 investments.
- These projections will continue to evolve as budget development efforts work to address the anticipated deficits.

This financial forecast serves as the foundation for our financial planning, ensuring the continued delivery of core services aligned with our strategic priorities. The forecast projects steady revenue growth, with total General Fund revenue expected to increase by \$31.8 million in FY26, reaching \$790.2 million. However, expenditures are rising at a faster pace, with FY26 expenditures and transfers forecast at \$803.3 million, a \$45.5 million increase from the FY25 adopted budget of \$757.8 million.

As part of the FY26 Base Budget and Five-Year Financial Forecast, we are prioritizing employee investment to enhance market competitiveness and pay equity. The initial draft budget allocates \$17.8 million for salary adjustments and benefits, enhancing fair compensation and supporting workforce retention. This investment reflects our commitment to maintaining a skilled and motivated workforce that delivers high-quality services.

As we continue to bring together the City Manager's Recommended Budget, we are looking to manage the Projected Operating (Deficits) and the Projected Yearend Available Fund Balance deficits that are currently shown in FY26 and future years of the plan. The Recommended Budget will be presented to the Mayor and Council on April 22, 2025.

Public Safety Personnel Retirement System (PSPRS) - We continue to assess the performance and financial plans associated with the PSPRS and the 115 Trust. The City's Public Safety Pension obligations remain a significant financial commitment, with costs influenced by investment performance, actuarial assumptions, and required contribution rates. While the 115 Trust provides a dedicated funding source to help manage pension costs, market volatility and future funding requirements could impact our ability to sustain long-term stability.

An updated funding model for the Public Safety Personnel Retirement System (PSPRS) has been developed, in collaboration with our pension consultant, to guide financial planning in the General Fund and the 115 Trust for the next five-year period. The model provides a structured approach to funding, and we have identified some factors that warrant careful consideration each year.

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Specifically, the model relies on assumptions that may not fully capture the long-term pension liabilities. If actual experience differs from these assumptions, we could face funding gaps in the future. The model assumes stable investment returns and economic conditions, which may not align with actual market performance over time. Changes in demographic trends, employee retirement patterns, and other actuarial factors could impact the accuracy of the model's projections. To mitigate these factors, we have incorporated the new model's projections into our five-year financial forecast while also allocating additional funding beyond the model's estimates. This approach aims at building a buffer against potential shortfalls to ensure that the City remains on a sustainable path in meeting its public safety pension obligations.

Tucson Supplemental Retirement System (TSRS) – As we informed you in a past study session, the TSRS board has recommended increasing employee contribution rates in FY26; however, the City Manager recommends that we not adopt this adjustment and, instead, maintain the current rate for FY26, as outlined in Table 1.

Table 1. TSRS Current Contribution Rates

TSRS–Current Contribution Rates	Active Employees	Rates
Hired Prior to July 1, 2006	561	Employee – 5.00% Employer – 27.50%
Tier I – Hired July 1, 2006 to June 30, 2011	166	Employee – 7.25% Employer – 27.50%
Tier II – Hired on/after July 1, 2011	2,077	Employee – 5.75% Employer – 27.50%

Notable Efficiency Efforts – City departments have been actively integrating strategies that optimize our operations and reduce expenditures while maintaining excellent service delivery for the public. Below is a list of some recent key efficiency initiatives.

- **Planning & Development Services** has implemented several cost-saving measures and efficiencies.
 - The Tucson Development Center Online Navigator program helps customers select the appropriate permit type and provides detailed application instructions, reducing the need for manual withdrawals and speeding up the plan review process.
 - Changes to the permit expiration and renewal process introduces automated notifications and self-service options that have enhanced customer service and reduced staff workload.
 - Introduced automated platforms like SolarApp for residential solar applications and expedited internal reviews for electrical reconnects to enable same-day reviews and approvals, significantly cutting down staff time.
 - Cross-training staff have streamlined the permit review process by reducing the number of personnel required to handle each application, further decreasing overall review times.

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- **Public Safety Communications Department** - Tucson 311 is the go-to contact for residents, streamlining interactions with city government. Since launching, it has connected twelve city departments, including police, fire, and communications, into one efficient system. This system redirects non-emergency calls away from 911, ensuring that emergency responders can focus on life-threatening and urgent situations.

By directing non-emergency inquiries to appropriate resources like social services, transportation, and city services, Tucson 311 enhances service efficiency and builds trust in city operations. When you call 311, you speak directly with a live representative who helps you reach the right department, reducing unnecessary workloads for specialized staff, with a downstream effect of saving the city time and money and preserving emergency resources for community emergencies.

Tucson 311 is continuously improving to better serve the community. With a simple three-digit, 24/7 resource for non-emergency needs, residents can rely on the ongoing enhancements of the system. This commitment to improvement ensures that city services remain reliable and effective.

- **Tucson Police Department** – Since 2022, the city has expanded its Community Service Officer (CSO) program to better balance non-emergency field work, adding over 100 positions for a total of 150 authorized roles. Since January 2024, CSOs have responded to more than 60,700 calls from 911 and delivered over 65,000 hours of service, resulting in an estimated annual cost savings of over \$3 million by shifting non-critical tasks from sworn officers. CSOs handle a broad range of duties from abandoned vehicles and animal distress to auto theft and community engagement ensuring that police resources are focused on higher-priority emergencies. In parallel, the Professional Staff Investigator (PSI) program, launched with its first academy in 2023, has been developed to support investigative functions by managing caseloads that would otherwise require sworn detectives. Now embedded within detective units and participating in on-call rotations, PSIs handle various cases, including gun crimes, domestic violence, and robbery, thereby reducing case backlogs and allowing detectives to concentrate on more complex investigations. The city is actively filling remaining PSI positions and has the flexibility to convert CSO roles to PSI positions as operational needs evolve.
- **Tucson Water** continues to advance infrastructure reliability and service efficiency through its Short Main Program, a targeted effort to replace water lines (12" or smaller) that are in substandard, failing condition. This program is designed to expedite the replacement of high-failure-rate pipes, those in the top 1% likelihood of failure, ensuring a more resilient and efficient water distribution system. By implementing a streamlined approach, Tucson Water can accelerate project completion while maintaining full compliance with all engineering standards and permitting requirements. Key factors contributing to the program's efficiency include:
 - Projects are limited to approximately 1,500 feet or less, with clear access rights and no major environmental or floodplain concerns.

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- The smaller design packages reduce engineering time, while the use of Job Order Contracts (JOCs) allows for faster project delivery.
- Avoiding pavement moratorium areas and targeting high-risk sections ensures proactive replacement before costly failures occur.

The program supports long-term cost savings by reducing emergency repairs and improving overall service reliability.

- **Proposition 407: Parks + Connections Projects** – Our Parks and Recreation Department and Department of Transportation and Mobility teams continue to work to deliver the voter-approved park and connections improvements. Immediate years of high price inflation after the voter approval have strained these project budgets. Strategies to resolve early cost-estimate spikes include seeking funding partnerships for projects or project elements, using Investment Plan, ARPA and Framework dollars, coordinating improvements with other City programs (like Prop 411), and diligently reviewing project scopes to ensure that we are meeting voter expectations from the initial approvals. Over \$9 million in grant and other funding support has been identified for Parks projects, and another \$14.4 million in funding assistance has been identified for Connections projects through a combination of Prop 411 safety funds \$3M, Federal grants of \$3.6, RTA funding of \$500K, ARPA \$7.2M, and In-lieu fees of \$92K.

Employee & Retiree Health Insurance Benefits – During the February 19, 2025, Study Session, we presented information regarding the financial status of city-provided health insurance benefits. Because of the timing of open enrollment for benefits, health insurance benefit changes need to be determined before final budget approval. The City Manager is requesting your indication to proceed with this recommendation.

The FY26 projected Health Plan Expenses & Needed Amounts are shown below in Table 2.

Table 2. FY26 Projected Plan Expenses & Needed Amounts

Item	Network	HRA	HSA	Total - net
Count - Employees	1,797	333	1,720	3,850
Count – Retirees	285	253	53	591
Total FY26 Projected Plan Expenses	\$49,005,625	\$9,500,597	\$18,678,517	\$77,184,739
FY26 Needed Amount	\$ 8,217,224	\$1,768,131	\$(2,658,307)	\$7,327,049
Rate increase needed above FY25 amounts	20.1%	22.9%	-12.5%	

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Our General Fund 5-Year Forecast includes \$4 million for increased health benefit costs (including retiree costs). An additional \$800k is expected from the Enterprise and Special Revenue funds. This total of \$4.8 million is significantly below the amounts that will be needed to cover FY26 estimated cost increases.

City Manager's Health Insurance Recommendation – After meeting with the Employee Health Benefits Committee and considering their recommendations, as well as the input for the Mayor and Council at the February 19, 2025 Study Session, the City Manager recommends making the following changes for FY26, shown in Table 3.

The recommended changes seek to balance the needed cost increases in the Network and HRA Plans with the available resources of the City, increases in premiums that are paid by all employees/retirees on a paycheck and monthly basis, and changes to the medical plans that require the users of medical and prescription benefits to contribute more to those costs.

Table 3. FY26 Recommended Health Plan Changes

1. Plan Design Changes	<p>These Plan Changes are shown on Exhibit 2 in strikeout, red-font format.</p> <p>Network Plan: Increase deductible, add co-insurance for certain services, creation of Tier 4 for retail prescription drugs. (Savings: \$2.8 million)</p> <p>HRA Plan: Increase to out-of-pocket maximum and co-insurance, change prescription drugs to co-insurance (from co-pay), creation of Tier 4 for retail prescription drugs, and decrease employer Reimbursement account contribution. (Savings: \$1.0 million)</p> <p>HSA Plan: Creation of Tier 4 for retail prescription drugs. (Savings: \$3k. Keeping Rx drug tiers consistent across all plans.)</p>
2. Employer-Employee Share Changes	<p>1% total cost shift from employer to employees for both the Network and HRA Plans, based on the study of comparator employers. (Savings: \$452,000)</p>

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3. Employer Contributions to Health Savings Accounts	<p>It was planned that the employer contribution to Health Savings Accounts would drop this year, from \$1,500 Individual (Ind)/\$3,000 Family (Fam) back to previous levels of \$1,000 Ind/\$2,000 Fam.</p> <p>Hearing from the Mayor & Council that incentivizing participation in the HSA Plan is an important goal, and because the HSA Plan could support these enhanced amounts without premium increases, I am recommending that we continue with enhanced Health Savings Account amounts (\$1,500 Ind/\$3,000 Fam) for employees for HSA Plan in FY26.</p> <p>We would utilize plan savings to pay for this at an added cost of \$1.325 million. I recommend that we look at the plan savings each year to see if the enhanced amounts can continue to be supported beyond FY26.</p>
4. Self- Funding Dental DPPO	<p>Move to self-funding the Dental PPO plan for FY26.</p> <p>(Savings = \$247,000)</p>
5. Retiree Dental DHMO Increase	<p>4% increase in Retiree Dental DHMO cost. Pass through to retirees that select the DPPO.</p>
6. City Employees and their families to use City Recreation facilities at no cost in FY26.	<p>This recommendation is made to enhance employee and family health and wellness. Based on the Committee's review of this issue, this can be offered with minimal increased cost to the City.</p> <ul style="list-style-type: none">• Track utilization over the year to determine impact, and develop governance over eligibility for implementation by July 1, 2025.

The City Manager also recommends that the Benefits Committee be tasked with studying the feasibility of closing the HRA Plan, as early as next year (the FY27 plan year). This suggestion is based on the significant cost increases of the Plan, the limited benefits of Health Reimbursement Accounts, and the small and declining enrollment numbers in the Plan. Because the HRA Plan may not be offered in future years, employees and retirees are encouraged to explore the benefits of establishing a Health Savings Account and make plans to utilize the amounts currently held in individual Health Reimbursement Accounts. Note that the benefits committee recommended that the HRA Plan be closed to new enrollees, effective this next plan year. However, the City Manager recommends that that decision be held until completion of this study.

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Dental Plans Recommendation – The City Manager recommends that the City begin self-funding its Dental PPO Plan, which will not require a rate increase and will have an estimated cost savings of \$247,000 per year. Retirees on the Dental HMO Plan will see a 4% increase in premium costs, passed through from the City.

Total Costs for Plan Recommendation - The combined recommended plan changes increase costs for the City by \$4.83 million in FY26. Recall that our forecasts project a total of \$4.8 million available for employer health benefits cost increases in FY26. These costs have been incorporated into the Unrestricted General Fund Five-Year (FY26-FY30) Financial Forecast, Exhibit 1.

Employee & Retiree Premiums – Exhibit 3 and Exhibit 4 show the FY25 and FY26 Recommended Premiums for the coming year for employees and retirees. The per paycheck impact/change of the premium increases to employees is shown on Exhibit 5, with annual impact/change of the premium increases shown on Exhibit 6.

Employees considering moving from the Network Plan to the HSA Plan will have premium savings. The amount of premium savings is estimated at the bottom of Exhibits 6, 7, and 8.

Retirees should refer to Exhibit 5 for monthly premium amounts and Exhibit 9 for the monthly impact of this recommended change in premiums.

Compensation Plan Calendar – The calendar for the Compensation Plan is as follows:

- April 8: Recommended FY26 Compensation Plan presented during Study Session
- April 14: Mayor's Hearing on Compensation Plan Disputes
- May 20: Study Session regarding Dispute Resolution
- June 3: FY26 Compensation Plan Adoption
- July 1: FY26 Compensation Plan Implementation

Budget Calendar - We plan to present information regarding various budget development issues during each study session. Key dates include:

- April 22: Submission of the City Manager's Recommended Budget during Study Session
- May 6: Public Hearing on FY26 Budget
- May 20: Tentative Budget Adoption
- June 3: Public Hearing on Tentative Budget/Property Tax Levy/Final Budget Adoption
- July 22: Fixing, Levying, and Assessing Primary and Secondary Property Taxes

Attachments:

Exhibit 1 – Initial Draft Unrestricted General Fund Five-Year (FY26-FY30) Financial Forecast

Exhibit 2 – Health Plan Design Changes

Exhibit 3 – Annual Contributions

Exhibit 4 – Employee Bi-Weekly Contributions

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Exhibit 5 – Retiree Monthly Contributions

Exhibit 6 – Employee Paycheck Impact

Exhibit 7 – Employee ANNUAL Impact

Exhibit 8 – Employee ANNUAL Impact - % of Base Salary

Exhibit 9 – Retiree Monthly Impact

Working Document 2-21-25	FY25 Adopted Budget	FY25 Projections	FY26 Base Budget - Preliminary	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Total Revenues	\$ 758,368,681	\$ 780,883,009	\$ 790,214,831	\$ 813,462,162	\$ 839,531,202	\$ 866,880,560	\$ 893,487,597
Total Expenditures	757,839,517	757,959,544	786,213,147	812,778,719	833,518,837	854,355,509	878,026,894
Potential Base Increases			17,091,700	17,091,700	17,091,700	17,091,700	17,091,700
Projected Operating Surplus(Deficit)	\$ 529,164	\$ 22,923,465	\$ (13,090,016)	\$ (16,408,257)	\$ (11,079,335)	\$ (4,566,649)	\$ (1,630,996)
Investment Plan							
Climate Action	430,000	430,000					
Heritage, History, Art, and Culture	460,000	460,000					
Collector Street Program	5,000,000	5,000,000	4,000,000	4,000,000	3,617,295		
Information Technology R&R	500,000	500,000	500,000	500,000	500,000	500,000	
Non-Public Safety Vehicle Replacement	1,200,000	1,200,000					
Parks and Recreation R&R	2,000,000	2,000,000					
Public Safety (Equipment, Vehicles, Apparatus, and	29,959,630	29,959,630	18,000,000	18,000,000			
Police Additional Vehicle Replacements			9,400,000				
Transit Capital	4,075,000	4,075,000	5,000,000	3,644,800			
Choice Grant Match	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	950,000
Investment Plan Total	44,624,630	44,624,630	37,900,000	27,144,800	5,117,295	1,500,000	950,000
Carry Forward and One-Time Items							
Carry Forward and One-Time Items	14,614,280	14,614,280	500,000				
Business Incentives	2,648,220	2,098,000	1,294,000	6,369,794	1,278,000	1,000,000	740,000
Mayor and Council allocations		1,817,360	2,000,000				
Affordable Housing (unplanned)		17,000,000					
Total Carry Forward and One-Time Items	17,262,500	35,529,640	3,794,000	6,369,794	1,278,000	1,000,000	740,000
Total Planning and One-Time Items	61,887,130	80,154,270	41,694,000	33,514,594	6,395,295	2,500,000	1,690,000
Expenditure Grand Total	\$ 819,726,647	\$ 838,113,814	\$ 844,998,847	\$ 863,385,013	\$ 857,005,832	\$ 873,947,209	\$ 896,808,594
Fund Balance							
Available Fund Balance	\$ 142,484,757	\$ 122,332,223	63,845,162	7,474,736	(46,400,161)	(68,306,528)	(80,022,567)
Projected Operating Surplus(Deficit)	529,164	22,923,465	(13,090,016)	(16,408,257)	(11,079,335)	(4,566,649)	(1,630,996)
Reserve for Framework							
Less Total Planning and One-Time Items	(61,887,130)	(80,154,270)	(41,694,000)	(33,514,594)	(6,395,295)	(2,500,000)	(1,690,000)
Incremental Fund Balance Policy Level Adj.	5,547,309	(1,256,256)	(1,586,409)	(3,952,046)	(4,431,737)	(4,649,391)	(4,523,196)
Proj. Yearend Available Fund Balance	\$ 86,674,100	\$ 63,845,162	\$ 7,474,736	\$ (46,400,161)	\$ (68,306,528)	\$ (80,022,567)	\$ (87,866,760)

Exhibit 2 – Plan Design Changes

Summary of Benefits	Network Plan	HDHP / HRA		HDHP / HSA Plan	
	In-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible Individual / Family (2x)	\$500 / \$1,000 \$750 / \$1,500	\$2,000 / \$4,000	\$2,000 / \$4,000	\$2,000 / \$4,000	\$2,000 / \$4,000
Member Coinsurance	0% 10%	10% 20%	30% 40%	10%	30%
Out-of-Pocket Max Individual / Family (2x)	\$6,350 / \$12,700	\$3,000 / \$6,000 \$5,000 / \$10,000	\$5,000 / \$10,000 \$7,000 / \$14,000	\$3,000 / \$6,000	\$5,000 / \$10,000
Office Visit (OV)	PCP - \$40	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
	Specialist - \$60				
	0% after ded. - Other				
Diagnostic Tests/ Imaging	OV copay &/or 20% after ded.*	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Inpatient Hospital	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Outpatient Services	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Emergency Room	\$300 copay	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	
Urgent Care	\$80 copay	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	
Virtual Care	\$40 copay	10% after ded. 20% after ded.	In-Network only	10% after ded.	In-Network only
Mental/Behavioral/Substance Abuse (Outpatient)	OV copay	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Mental/Behavioral/Substance Abuse (Inpatient)	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Home health/Home infusion	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Skilled Nursing (60 day limit per year)	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Durable Medical Equipment	No charge 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Prescription Drug Services	3-Tier Structure 4-Tier Structure	3-Tier Structure 4-Tier Structure		3-Tier Structure 4-Tier Structure	
Generic Drugs	Retail: \$20 copay Mail Order: \$40 copay	Retail: \$20 copay Mail Order: \$40 copay 30% after ded	40% after ded. No Mail Order	30% after ded.	40% after ded. No Mail Order
Preferred Brand Drugs	Retail: \$50 copay Mail Order: \$100 copay	Retail: \$50 copay Mail Order: \$100 copay 35% after ded	40% after ded. No Mail Order	35% after ded.	40% after ded. No Mail Order
Non-Preferred Brand Drugs	Retail: \$100 copay Mail Order: \$200 copay	Retail: \$100 copay Mail Order: \$200 copay 40% after ded	40% after ded. No Mail Order	40% after ded.	40% after ded. No Mail Order
Retail Specialty Medications (Tier 4)	\$200 copay	50% after ded	60% after ded	50% after ded.	60% after ded
City Contribution	Not Applicable	\$1,500 / \$3,000 \$500 / \$1,000		\$1,500 / \$3,000	

*Financial responsibility is based on where services are completed.

Exhibit 3 – Annual Contributions

	Approved 2024-25 Contributions						Preliminary 2025-26 Contributions					
	Actives		Retirees		Total		Actives		Retirees		Total	
	Premiums	%	Premiums	%	Premiums	%	Premiums	%	Premiums	%	Premiums	%
Network												
City	\$31,444,062	87.0%	\$2,399,263	51.7%	\$33,843,325	83.0%	\$35,197,784	86.0%	\$2,660,531	50.6%	\$37,858,314	82.0%
Employee/Retiree	\$4,702,787	13.0%	\$2,242,289	48.3%	\$6,945,076	17.0%	\$5,729,910	14.0%	\$2,594,922	49.4%	\$8,324,831	18.0%
Total	\$36,146,849	100.0%	\$4,641,552	100.0%	\$40,788,401	100.0%	\$40,927,694	100.0%	\$5,255,452	100.0%	\$46,183,146	100.0%
HRA												
City	\$4,095,606	89.9%	\$1,179,286	37.0%	\$5,274,893	68.1%	\$4,507,780	89.0%	\$1,235,349	34.9%	\$5,743,129	66.7%
Employee/Retiree	\$460,144	10.1%	\$2,006,260	63.0%	\$2,466,404	31.9%	\$557,165	11.0%	\$2,306,241	65.1%	\$2,863,407	33.3%
Total	\$4,555,750	100.0%	\$3,185,547	100.0%	\$7,741,297	100.0%	\$5,064,945	100.0%	\$3,541,590	100.0%	\$8,606,535	100.0%
HSA												
City	\$18,989,696	91.4%	\$180,369	32.1%	\$19,170,065	89.8%	\$20,315,143	91.9%	\$180,369	32.1%	\$20,495,512	90.4%
Employee/Retiree	\$1,785,874	8.6%	\$380,884	67.9%	\$2,166,759	10.2%	\$1,785,874	8.1%	\$380,884	67.9%	\$2,166,759	9.6%
Total	\$20,775,570	100.0%	\$561,253	100.0%	\$21,336,823	100.0%	\$22,101,017	100.0%	\$561,253	100.0%	\$22,662,270	100.0%
All Medical												
City	\$54,529,364	88.7%	\$3,758,919	44.8%	\$58,288,283	83.4%	\$60,020,706	88.1%	\$4,076,248	43.6%	\$64,096,954	82.8%
Employee/Retiree	\$6,948,806	11.3%	\$4,629,433	55.2%	\$11,578,239	16.6%	\$8,072,950	11.9%	\$5,282,047	56.4%	\$13,354,997	17.2%
Total	\$61,478,170	100.0%	\$8,388,352	100.0%	\$69,866,522	100.0%	\$68,093,656	100.0%	\$9,358,296	100.0%	\$77,451,951	100.0%

Exhibit 4 – Employee Bi-Weekly Contributions

		Approved 2024-25 Bi-Weekly Contributions							Preliminary 2025-26 Bi-Weekly Contributions						
		Total	< \$60k		\$60k - \$100k		> \$100k		Total	< \$60k		\$60k - \$100k		> \$100k	
EEs			ER*	EE**	ER*	EE**	ER*	EE**		ER*	EE**	ER*	EE**	ER*	EE**
<u>Network Actives</u>															
EE	602	\$383.80	\$335.86	\$47.94	\$331.91	\$51.89	\$328.08	\$55.72	\$434.56	\$375.99	\$58.57	\$371.52	\$63.04	\$367.18	\$67.38
EE+SP	254	\$805.96	\$695.25	\$110.71	\$683.67	\$122.29	\$672.11	\$133.85	\$912.56	\$778.17	\$134.39	\$765.06	\$147.50	\$751.97	\$160.59
EE+CH	290	\$722.35	\$641.96	\$80.39	\$633.74	\$88.61	\$625.23	\$97.12	\$817.89	\$718.76	\$99.13	\$709.46	\$108.43	\$699.82	\$118.07
EE+Fam	647	\$1,151.50	\$1,015.80	\$135.70	\$1,002.11	\$149.39	\$987.80	\$163.70	\$1,303.80	\$1,137.24	\$166.56	\$1,121.74	\$182.06	\$1,105.53	\$198.27
Annual Total	1,793	\$36,146,849	\$11,359,218	\$1,571,801	\$16,323,952	\$2,498,247	\$3,760,892	\$632,740	\$40,927,694	\$12,716,699	\$1,924,593	\$18,272,044	\$3,039,615	\$4,209,041	\$765,703
<u>HRA Actives</u>															
EE	140	\$303.49	\$275.86	\$27.63	\$271.38	\$32.11	\$266.05	\$37.44	\$337.41	\$302.80	\$34.61	\$297.82	\$39.59	\$291.89	\$45.52
EE+SP	59	\$637.25	\$574.37	\$62.88	\$562.19	\$75.06	\$554.31	\$82.94	\$708.48	\$632.77	\$75.71	\$619.23	\$89.25	\$610.47	\$98.01
EE+CH	47	\$570.98	\$527.35	\$43.63	\$518.70	\$52.28	\$511.33	\$59.65	\$634.80	\$581.09	\$53.71	\$571.48	\$63.32	\$563.28	\$71.52
EE+Fam	75	\$910.65	\$832.60	\$78.05	\$818.17	\$92.48	\$809.19	\$101.46	\$1,012.43	\$917.36	\$95.07	\$901.32	\$111.11	\$891.34	\$121.09
Annual Total	321	\$4,555,750	\$1,375,846	\$133,268	\$2,138,204	\$249,612	\$581,557	\$77,264	\$5,064,945	\$1,513,560	\$164,226	\$2,353,895	\$300,806	\$640,324	\$92,133
<u>HSA Actives</u>															
EE	813	\$255.62	\$242.12	\$13.50	\$238.34	\$17.28	\$233.86	\$21.76	\$274.85	\$261.35	\$13.50	\$257.57	\$17.28	\$253.09	\$21.76
EE+SP	178	\$536.75	\$486.53	\$50.22	\$476.27	\$60.48	\$469.63	\$67.12	\$575.21	\$524.99	\$50.22	\$514.73	\$60.48	\$508.09	\$67.12
EE+CH	254	\$480.93	\$446.64	\$34.29	\$439.35	\$41.58	\$433.14	\$47.79	\$519.39	\$485.10	\$34.29	\$477.81	\$41.58	\$471.60	\$47.79
EE+Fam	487	\$767.03	\$705.20	\$61.83	\$693.05	\$73.98	\$685.49	\$81.54	\$805.49	\$743.66	\$61.83	\$731.51	\$73.98	\$723.95	\$81.54
Annual Total	1,732	\$20,775,570	\$6,313,368	\$471,533	\$9,807,867	\$974,755	\$2,868,460	\$339,586	\$22,101,017	\$6,775,850	\$471,533	\$10,480,841	\$974,755	\$3,058,453	\$339,586
Total Active	3,846	\$61,478,170	\$19,048,432	\$2,176,602	\$28,270,023	\$3,722,614	\$7,210,909	\$1,049,590	\$68,093,656	\$21,006,109	\$2,560,352	\$31,106,780	\$4,315,176	\$7,907,818	\$1,197,421

*Employer

**Employee

Exhibit 5 – Retiree Monthly Contributions

		Approved 2024-25 Monthly Contributions										Preliminary 2025-26 Monthly Contributions									
2025-26		Network/HMO			Choice Fund OAP w/HRA			HSA Retirees				Network/HMO			Choice Fund OAP w/HRA			HSA Retirees			
	Lives	Total	ER *	Retiree	Total	ER *	Retiree	Total	ER *	Retiree	Total	ER *	Retiree	Total	ER *	Retiree	Total	ER *	Retiree		
Retirees (75% / 25%)	Retiree	87	\$831.59	\$623.69	\$207.90	\$657.53	\$493.15	\$164.38	\$553.83	\$415.37	\$138.46	\$941.58	\$706.19	\$235.39	\$731.02	\$548.27	\$182.75	\$553.83	\$415.37	\$138.46	
	Retiree + Spouse	77	\$1,746.26	\$1,309.70	\$436.56	\$1,380.70	\$1,035.53	\$345.17	\$1,162.95	\$872.21	\$290.74	\$1,977.22	\$1,482.92	\$494.30	\$1,535.02	\$1,151.27	\$383.75	\$1,162.95	\$872.21	\$290.74	
	Retiree + Child(ren)	17	\$1,565.10	\$1,173.83	\$391.27	\$1,237.12	\$927.84	\$309.28	\$1,042.01	\$781.51	\$260.50	\$1,772.10	\$1,329.08	\$443.02	\$1,375.39	\$1,031.54	\$343.85	\$1,042.01	\$781.51	\$260.50	
	Retiree + Family	22	\$2,494.90	\$1,871.18	\$623.72	\$1,973.07	\$1,479.80	\$493.27	\$1,661.89	\$1,246.42	\$415.47	\$2,824.88	\$2,118.66	\$706.22	\$2,193.60	\$1,645.20	\$548.40	\$1,661.89	\$1,246.42	\$415.47	
	DRU65	5	\$420.61	\$315.46	\$105.15	\$321.51	\$241.13	\$80.38	\$270.80	\$203.10	\$67.70	\$476.24	\$357.18	\$119.06	\$357.45	\$268.09	\$89.36	\$270.80	\$203.10	\$67.70	
	DRU65 + Spouse	1	\$1,252.20	\$939.15	\$313.05	\$979.03	\$734.27	\$244.76	\$824.63	\$618.47	\$206.16	\$1,417.82	\$1,063.37	\$354.45	\$1,088.46	\$816.35	\$272.11	\$824.63	\$618.47	\$206.16	
Annual Total		209	\$2,633,812	\$1,975,363	\$658,449	\$668,779	\$501,586	\$167,193	\$13,292	\$9,969	\$3,323	\$2,982,164	\$2,236,631	\$745,533	\$743,528	\$557,649	\$185,879	\$13,292	\$9,969	\$3,323	
Retirees (Flat Dollar)	Retiree	227	\$831.59	\$200.00	\$631.59	\$657.53	\$200.00	\$457.53	\$553.83	\$200.00	\$353.83	\$941.58	\$200.00	\$741.58	\$731.02	\$200.00	\$531.02	\$553.83	\$200.00	\$353.83	
	Retiree + Spouse	77	\$1,746.26	\$375.00	\$1,371.26	\$1,380.70	\$375.00	\$1,005.70	\$1,162.95	\$375.00	\$787.95	\$1,977.22	\$375.00	\$1,602.22	\$1,535.02	\$375.00	\$1,160.02	\$1,162.95	\$375.00	\$787.95	
	Retiree + 1 Child	11	\$1,565.10	\$375.00	\$1,190.10	\$1,237.12	\$375.00	\$862.12	\$1,042.01	\$375.00	\$667.01	\$1,772.10	\$375.00	\$1,397.10	\$1,375.39	\$375.00	\$1,000.39	\$1,042.01	\$375.00	\$667.01	
	Retiree + 2 Child	19	\$1,565.10	\$475.00	\$1,090.10	\$1,237.12	\$475.00	\$762.12	\$1,042.01	\$475.00	\$567.01	\$1,772.10	\$475.00	\$1,297.10	\$1,375.39	\$475.00	\$900.39	\$1,042.01	\$475.00	\$567.01	
	Retiree + Family	35	\$2,494.90	\$475.00	\$2,019.90	\$1,973.07	\$475.00	\$1,498.07	\$1,661.89	\$475.00	\$1,186.89	\$2,824.88	\$475.00	\$2,349.88	\$2,193.60	\$475.00	\$1,718.60	\$1,661.89	\$475.00	\$1,186.89	
	Retiree	3	\$831.59	\$75.00	\$756.59	\$657.53	\$75.00	\$582.53	\$553.83	\$75.00	\$478.83	\$941.58	\$75.00	\$866.58	\$731.02	\$75.00	\$656.02	\$553.83	\$75.00	\$478.83	
Retirees (Self Pay)	Retiree + Spouse	1	\$1,746.26	\$75.00	\$1,671.26	\$1,380.70	\$75.00	\$1,305.70	\$1,162.95	\$75.00	\$1,087.95	\$1,977.22	\$75.00	\$1,902.22	\$1,535.02	\$75.00	\$1,460.02	\$1,162.95	\$75.00	\$1,087.95	
	Retiree + Family	1	\$2,494.90	\$75.00	\$2,419.90	\$1,973.07	\$75.00	\$1,898.07	\$1,661.89	\$75.00	\$1,586.89	\$2,824.88	\$75.00	\$2,749.88	\$2,193.60	\$75.00	\$2,118.60	\$1,661.89	\$75.00	\$1,586.89	
	DRU65	6	\$420.61	\$200.00	\$220.61	\$321.51	\$200.00	\$121.51	\$270.80	\$200.00	\$70.80	\$476.24	\$200.00	\$276.24	\$357.45	\$200.00	\$157.45	\$270.80	\$200.00	\$70.80	
	DRU65 + Spouse	1	\$1,252.20	\$375.00	\$877.20	\$979.03	\$375.00	\$604.03	\$824.63	\$375.00	\$449.63	\$1,417.82	\$375.00	\$1,042.82	\$1,088.46	\$375.00	\$713.46	\$824.63	\$375.00	\$449.63	
	Annual Total	381	\$1,819,314	\$423,900	\$1,395,414	\$2,391,605	\$677,700	\$1,713,905	\$514,068	\$170,400	\$343,668	\$2,059,941	\$423,900	\$1,636,041	\$2,658,910	\$677,700	\$1,981,210	\$514,068	\$170,400	\$343,668	
	Retiree	5	\$831.59	\$0.00	\$831.59	\$657.53	\$0.00	\$657.53	\$553.83	\$0.00	\$553.83	\$941.58	\$0.00	\$941.58	\$731.02	\$0.00	\$731.02	\$553.83	\$0.00	\$553.83	
Total All Retiree	Retiree + Spouse	2	\$1,746.26	\$0.00	\$1,746.26	\$1,380.70	\$0.00	\$1,380.70	\$1,162.95	\$0.00	\$1,162.95	\$1,977.22	\$0.00	\$1,977.22	\$1,535.02	\$0.00	\$1,535.02	\$1,162.95	\$0.00	\$1,162.95	
	Retiree + Children	1	\$1,565.10	\$0.00	\$1,565.10	\$1,237.12	\$0.00	\$1,237.12	\$1,042.01	\$0.00	\$1,042.01	\$1,772.10	\$0.00	\$1,772.10	\$1,375.39	\$0.00	\$1,375.39	\$1,042.01	\$0.00	\$1,042.01	
	Medicare - Child	1	\$831.59	\$0.00	\$831.59	\$657.53	\$0.00	\$657.53	\$553.83	\$0.00	\$553.83	\$941.58	\$0.00	\$941.58	\$731.02	\$0.00	\$731.02	\$553.83	\$0.00	\$553.83	
	Medicare - Spouse	18	\$831.59	\$0.00	\$831.59	\$657.53	\$0.00	\$657.53	\$553.83	\$0.00	\$553.83	\$941.58	\$0.00	\$941.58	\$731.02	\$0.00	\$731.02	\$553.83	\$0.00	\$553.83	
	Medicare - Children	0	\$1,565.10	\$0.00	\$1,565.10	\$1,237.12	\$0.00	\$1,237.12	\$1,042.01	\$0.00	\$1,042.01	\$1,772.10	\$0.00	\$1,772.10	\$1,375.39	\$0.00	\$1,375.39	\$1,042.01	\$0.00	\$1,042.01	
	Medicare - Spouse +	1	\$831.59	\$0.00	\$831.59	\$657.53	\$0.00	\$657.53	\$553.83	\$0.00	\$553.83	\$941.58	\$0.00	\$941.58	\$731.02	\$0.00	\$731.02	\$553.83	\$0.00	\$553.83	
	Widow	5	\$831.59	\$0.00	\$831.59	\$657.53	\$0.00	\$657.53	\$553.83	\$0.00	\$553.83	\$941.58	\$0.00	\$941.58	\$731.02	\$0.00	\$731.02	\$553.83	\$0.00	\$553.83	
	Widow + Child(ren)	2	\$1,565.10	\$0.00	\$1,565.10	\$1,237.12	\$0.00	\$1,237.12	\$1,042.01	\$0.00	\$1,042.01	\$1,772.10	\$0.00	\$1,772.10	\$1,375.39	\$0.00	\$1,375.39	\$1,042.01	\$0.00	\$1,042.01	
	Annual Total	35	\$188,426	\$0	\$188,426	\$125,163	\$0	\$125,163	\$33,893	\$0	\$33,893	\$213,348	\$0	\$213,348	\$139,152	\$0	\$139,152	\$33,893	\$0	\$33,893	
	Total All Retiree		625	\$4,641,552	\$2,399,263	\$2,242,289	\$3,185,547	\$1,179,286	\$2,006,260	\$561,253	\$180,369	\$380,884	\$5,255,452	\$2,660,531	\$2,594,922	\$3,541,590	\$1,235,349	\$2,306,241	\$561,253	\$180,369	\$380,884

*Employer

Exhibit 6 – Employee Paycheck Impact

Employee Paycheck Impact - Same Enrollment

	<60K		\$60K - 100K		>100K	
	Salary Tier		Salary Tier		Salary Tier	
Network						
EE	\$	10.63	\$	11.15	\$	11.66
EE+SP	\$	23.68	\$	25.21	\$	26.74
EE+CH	\$	18.74	\$	19.82	\$	20.95
EE+FAM	\$	30.86	\$	32.67	\$	34.57
HRA						
EE	\$	6.98	\$	7.48	\$	8.08
EE+SP	\$	12.83	\$	14.19	\$	15.07
EE+CH	\$	10.08	\$	11.04	\$	11.87
EE+FAM	\$	16.98	\$	18.63	\$	19.63
HSA						
EE	\$	-	\$	-	\$	-
EE+SP	\$	-	\$	-	\$	-
EE+CH	\$	-	\$	-	\$	-
EE+FAM	\$	-	\$	-	\$	-

Employee Paycheck Impact - (Savings) when moving from Network to HSA Enrollment

	<60K		\$60K - 100K		>100K	
	Salary Tier		Salary Tier		Salary Tier	
Network						
EE	\$	-	\$	-	\$	-
EE+SP	\$	-	\$	-	\$	-
EE+CH	\$	-	\$	-	\$	-
EE+FAM	\$	-	\$	-	\$	-
HSA						
EE	\$	(34.44)	\$	(34.61)	\$	(33.96)
EE+SP	\$	(60.49)	\$	(61.81)	\$	(66.73)
EE+CH	\$	(46.10)	\$	(47.03)	\$	(49.33)
EE+FAM	\$	(73.87)	\$	(75.41)	\$	(82.16)

Exhibit 7 – Employee ANNUAL Impact

Employee ANNUAL Impact - Same Enrollment

	<60K		\$60K - 100K		>100K	
	Salary Tier		Salary Tier		Salary Tier	
Network						
EE	\$	276.38	\$	289.90	\$	303.16
EE+SP	\$	615.68	\$	655.46	\$	695.24
EE+CH	\$	487.24	\$	515.32	\$	544.70
EE+FAM	\$	802.36	\$	849.42	\$	898.82

HRA						
EE	\$	181.48	\$	194.48	\$	210.08
EE+SP	\$	333.58	\$	368.94	\$	391.82
EE+CH	\$	262.08	\$	287.04	\$	308.62
EE+FAM	\$	441.48	\$	484.38	\$	510.38

HSA						
EE	\$	-	\$	-	\$	-
EE+SP	\$	-	\$	-	\$	-
EE+CH	\$	-	\$	-	\$	-
EE+FAM	\$	-	\$	-	\$	-

Employee ANNUAL Impact - (Savings) when moving from Network to HSA Enrollment

	<60K		\$60K - 100K		>100K	
	Salary Tier		Salary Tier		Salary Tier	
Network						
EE	\$	-	\$	-	\$	-
EE+SP	\$	-	\$	-	\$	-
EE+CH	\$	-	\$	-	\$	-
EE+FAM	\$	-	\$	-	\$	-

HSA						
EE	\$	(895.44)	\$	(899.86)	\$	(882.96)
EE+SP	\$	(1,572.74)	\$	(1,607.06)	\$	(1,734.98)
EE+CH	\$	(1,198.60)	\$	(1,222.78)	\$	(1,282.58)
EE+FAM	\$	(1,920.62)	\$	(1,960.66)	\$	(2,136.16)

Exhibit 8 – Employee ANNUAL Impact – % of Base Salary

Employee ANNUAL Impact - % of Base Salary			
	<60K	\$60K - 100K	>100K
	Salary Tier	Salary Tier	Salary Tier
	\$60K wage	\$75K wage	\$100K wage
Network			
EE	0.5%	0.4%	0.3%
EE+SP	1.0%	0.9%	0.7%
EE+CH	0.8%	0.7%	0.5%
EE+FAM	1.3%	1.1%	0.9%
HRA			
EE	0.3%	0.3%	0.2%
EE+SP	0.6%	0.5%	0.4%
EE+CH	0.4%	0.4%	0.3%
EE+FAM	0.7%	0.6%	0.5%
HSA			
EE	0.0%	0.0%	0.0%
EE+SP	0.0%	0.0%	0.0%
EE+CH	0.0%	0.0%	0.0%
EE+FAM	0.0%	0.0%	0.0%

Employee ANNUAL Impact - (Savings) when moving from Network to HSA Enrollment			
	<60K	\$60K - 100K	>100K
	Salary Tier	Salary Tier	Salary Tier
	\$60K wage	\$75K wage	\$100K wage
Network			
EE	0.0%	0.0%	0%
EE+SP	0.0%	0.0%	0%
EE+CH	0.0%	0.0%	0%
EE+FAM	0.0%	0.0%	0%
HSA			
EE	-1.5%	-1.2%	-0.9%
EE+SP	-2.6%	-2.1%	-1.7%
EE+CH	-2.0%	-1.6%	-1.3%
EE+FAM	-3.2%	-2.6%	-2.1%

Exhibit 9 – Retiree Monthly Impact

Retiree Impact Per Month - Same Enrollment

		Network Plan	HRA Plan	HSA Plan
Retiree (75%/25%)	Retiree	\$ 27.49	\$ 18.37	\$ -
	Retiree + Sp	\$ 57.74	\$ 38.58	\$ -
	Retiree + Ch	\$ 51.75	\$ 34.57	\$ -
	Retiree + Fam	\$ 82.50	\$ 55.13	\$ -
	DRU65	\$ 13.91	\$ 8.98	\$ -
	DRU65 + Sp	\$ 41.40	\$ 27.35	\$ -
Retiree (Flat Dollar)	Retiree	\$ 109.99	\$ 73.49	\$ -
	Retiree + Sp	\$ 230.96	\$ 154.32	\$ -
	Retiree + 1 Ch	\$ 207.00	\$ 138.27	\$ -
	Retiree + 2 Ch	\$ 207.00	\$ 138.27	\$ -
	Retiree + Fam	\$ 329.98	\$ 220.53	\$ -
	Retiree	\$ 109.99	\$ 73.49	\$ -
	Retiree + Sp	\$ 230.96	\$ 154.32	\$ -
	Retiree + Fam	\$ 329.98	\$ 220.53	\$ -
	DRU65	\$ 55.63	\$ 35.94	\$ -
	DRU65 + Sp	\$ 165.62	\$ 109.43	\$ -
Retiree (Self Pay)	Retiree	\$ 109.99	\$ 73.49	\$ -
	Retiree + Sp	\$ 230.96	\$ 154.32	\$ -
	Retiree + Ch	\$ 207.00	\$ 138.27	\$ -
	Medicare - Child	\$ 109.99	\$ 73.49	\$ -
	Medicare - Sp	\$ 109.99	\$ 73.49	\$ -
	Medicare - Children	\$ 207.00	\$ 138.27	\$ -
	Medicare - Sp +	\$ 109.99	\$ 73.49	\$ -
	Widow/er	\$ 109.99	\$ 73.49	\$ -
	Widow/er + Child	\$ 207.00	\$ 138.27	\$ -

Retiree Impact Per Month - From Network to HSA Plan

		Network Plan	HSA Plan
Retiree (75%/25%)	Retiree	\$ -	\$ (69.44)
	Retiree + Sp	\$ -	\$ (145.82)
	Retiree + Ch	\$ -	\$ (130.77)
	Retiree + Fam	\$ -	\$ (208.25)
	DRU65	\$ -	\$ (37.45)
	DRU65 + Sp	\$ -	\$ (106.89)
Retiree (Flat Dollar)	Retiree	\$ -	\$ (277.76)
	Retiree + Sp	\$ -	\$ (583.31)
	Retiree + 1 Ch	\$ -	\$ (523.09)
	Retiree + 2 Ch	\$ -	\$ (523.09)
	Retiree + Fam	\$ -	\$ (833.01)
	Retiree	\$ -	\$ (277.76)
	Retiree + Sp	\$ -	\$ (583.31)
	Retiree + Fam	\$ -	\$ (833.01)
	DRU65	\$ -	\$ (149.81)
	DRU65 + Sp	\$ -	\$ (427.57)
Retiree (Self Pay)	Retiree	\$ -	\$ (277.76)
	Retiree + Sp	\$ -	\$ (583.31)
	Retiree + Ch	\$ -	\$ (523.09)
	Medicare - Child	\$ -	\$ (277.76)
	Medicare - Sp	\$ -	\$ (277.76)
	Medicare - Children	\$ -	\$ (523.09)
	Medicare - Sp +	\$ -	\$ (277.76)
	Widow/er	\$ -	\$ (277.76)
	Widow/er + Child	\$ -	\$ (523.09)

FY26 Budget Discussion

Unrestricted General Fund Five-Year (FY26-FY30)

Financial Forecast

General Fund Five Year Forecast	FY25 Adopted Budget	FY25 Projections	FY Base Budget - Preliminary	FY27 Forecast	FY28 Forecast	FY29 Forecast	FY30 Forecast
Total Revenues	\$ 758,368,681	\$ 780,883,009	\$ 790,214,831	\$ 813,462,162	\$ 839,531,202	\$ 866,880,560	\$ 893,487,597
Total Expenditures	\$ 757,839,517	\$ 757,959,544	\$ 786,213,147	\$ 812,778,719	\$ 833,518,837	\$ 854,355,509	\$ 878,026,894
Potential Base Increases			\$ 17,091,700	\$ 17,091,700	\$ 17,091,700	\$ 17,091,700	\$ 17,091,700
Projected Operating Surplus (Deficit)	\$ 529,164	\$ 22,923,465	\$ (13,090,016)	\$ (16,408,257)	\$ (11,079,335)	\$ (4,566,649)	\$ (1,630,996)
Investment Plan Total	\$ 44,624,630	\$ 44,624,630	\$ 37,900,000	\$ 27,144,800	\$ 5,117,295	\$ 1,500,000	\$ 950,000
Total Carry Forward and One-Time Items	\$ 17,262,500	\$ 35,529,640	\$ 3,794,000	\$ 6,369,794	\$ 1,278,000	\$ 1,000,000	\$ 740,000
Total Planning and One-Time Items	\$ 61,887,130	\$ 80,154,270	\$ 41,694,000	\$ 33,514,594	\$ 6,395,295	\$ 2,500,000	\$ 1,690,000
Expenditure Grand Total	\$ 819,726,647	\$ 838,113,814	\$ 844,998,847	\$ 863,385,013	\$ 857,005,832	\$ 873,947,209	\$ 896,808,594
Available Fund balance	\$ 142,484,757	\$ 122,332,223	\$ 63,845,162	\$ 7,474,736	\$ (46,400,161)	\$ (68,306,528)	\$ (80,022,567)
Projected Operating Surplus (Deficit)	\$ 529,164	\$ 22,923,465	\$ (13,090,016)	\$ (16,408,257)	\$ (11,079,335)	\$ (4,566,649)	\$ (1,630,996)
Less Total Planning and One-Time	\$ (61,887,130)	\$ (80,154,270)	\$ (41,694,000)	\$ (33,514,594)	\$ (6,395,295)	\$ (2,500,000)	\$ (1,690,000)
Incremental Fund Balance Policy Level	\$ 5,547,309	\$ (1,256,256)	\$ (1,586,409)	\$ (3,952,046)	\$ (4,431,737)	\$ (4,649,391)	\$ (4,523,196)
Projected Year End Available Fund Balance	\$ 86,674,100	\$ 63,845,162	\$ 7,474,736	\$ (46,400,161)	\$ (68,306,528)	\$ (80,022,567)	\$ (87,866,760)

FY26 Budget Development

Efficiencies

- Enhancing Efficiency and Reducing Costs in Planning & Development Services
- Tucson 311: Streamlining City Services and Enhancing Public Safety
- Public Safety: Expanding Community Service and Investigative Support
- Tucson Water Short Main Program
- Proposition 407

FY26 Budget Development

Health Insurance Recommendation

Summary of Benefits	Network Plan	HDHP / HRA		HDHP / HSA Plan	
	In-Network	In-Network	Out-of-Network	In-Network	Out-of-Network
Deductible Individual / Family (2x)	\$500 / \$1,000 \$750 / \$1,500	\$2,000 / \$4,000	\$2,000 / \$4,000	\$2,000 / \$4,000	\$2,000 / \$4,000
Member Coinsurance	0% 10%	10% 20%	30% 40%	10%	30%
Out-of-Pocket Max Individual / Family (2x)	\$6,350 / \$12,700	\$3,000 / \$6,000 \$5,000 / \$10,000	\$5,000 / \$10,000 \$7,000 / \$14,000	\$3,000 / \$6,000	\$5,000 / \$10,000
Office Visit (OV)	PCP - \$40	10% after ded.	30% after ded.	10% after ded.	30% after ded.
	Specialist - \$60	20% after ded.	40% after ded.		
	0% after ded. - Other				
Diagnostic Tests/ Imaging	OV copay &/or 20% after ded.*	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Inpatient Hospital	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Outpatient Services	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Emergency Room	\$300 copay	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	
Urgent Care	\$80 copay	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	
Virtual Care	\$40 copay	10% after ded. 20% after ded.	In-Network only	10% after ded.	In-Network only
Mental/Behavioral/Substance Abuse (Outpatient)	OV copay	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Mental/Behavioral/Substance Abuse (Inpatient)	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Home health/Home infusion	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Skilled Nursing (60 day limit per year)	0% after ded. 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.
Durable Medical Equipment	No charge 10% after ded.	10% after ded. 20% after ded.	30% after ded. 40% after ded.	10% after ded.	30% after ded.

FY26 Budget Development

Health Insurance Recommendation

Prescription Drug Services	3-Tier Structure 4-Tier Structure	3-Tier Structure 4-Tier Structure	3-Tier Structure 4-Tier Structure	3-Tier Structure 4-Tier Structure	3-Tier Structure 4-Tier Structure
Generic Drugs	Retail: \$20 copay Mail Order: \$40 copay	Retail: \$20 copay Mail Order: \$40 copay 30% after ded	40% after ded. No Mail Order	30% after ded.	40% after ded. No Mail Order
Preferred Brand Drugs	Retail: \$50 copay Mail Order: \$100 copay	Retail: \$50 copay Mail Order: \$100 copay 35% after ded	40% after ded. No Mail Order	35% after ded.	40% after ded. No Mail Order
Non-Preferred Brand Drugs	Retail: \$100 copay Mail Order: \$200 copay	Retail: \$100 copay Mail Order: \$200 copay 40% after ded	40% after ded. No Mail Order	40% after ded.	40% after ded. No Mail Order
Retail Specialty Medications (Tier 4)	\$200 copay	50% after ded	60% after ded	50% after ded.	60% after ded
City Contribution	Not Applicable	\$1,500 / \$3,000 \$500 / \$1,000		\$1,500 / \$3,000	

FY26 Budget Development

Health Insurance Recommendation

Employee Paycheck Impact - Same Enrollment

	<60K		\$60K - 100K		>100K	
	Salary Tier		Salary Tier		Salary Tier	
Network						
EE	\$	10.63	\$	11.15	\$	11.66
EE+SP	\$	23.68	\$	25.21	\$	26.74
EE+CH	\$	18.74	\$	19.82	\$	20.95
EE+FAM	\$	30.86	\$	32.67	\$	34.57
HRA						
EE	\$	6.98	\$	7.48	\$	8.08
EE+SP	\$	12.83	\$	14.19	\$	15.07
EE+CH	\$	10.08	\$	11.04	\$	11.87
EE+FAM	\$	16.98	\$	18.63	\$	19.63
HSA						
EE	\$	-	\$	-	\$	-
EE+SP	\$	-	\$	-	\$	-
EE+CH	\$	-	\$	-	\$	-
EE+FAM	\$	-	\$	-	\$	-

FY26 Budget Development

Health Insurance Recommendation

Employee Paycheck Impact - (Savings) when moving from
Network to HSA Enrollment

	<60K Salary Tier	\$60K - 100K Salary Tier	>100K Salary Tier
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Network

EE	\$ -	\$ -	\$ -
EE+SP	\$ -	\$ -	\$ -
EE+CH	\$ -	\$ -	\$ -
EE+FAM	\$ -	\$ -	\$ -

HSA

EE	\$ (34.44)	\$ (34.61)	\$ (33.96)
EE+SP	\$ (60.49)	\$ (61.81)	\$ (66.73)
EE+CH	\$ (46.10)	\$ (47.03)	\$ (49.33)
EE+FAM	\$ (73.87)	\$ (75.41)	\$ (82.16)

FY26 Budget Development

Budget Engagement

- Proposition 414 – A Safe and Vibrant City
- City of Tucson Employee Engagement Event
- Other Community Engagement Events

FY26 Budget Development Timeline

Budget Calendar

- April 22: Submission of City Manager's FY26 Recommended Budget
- May 6: Public Hearing on FY26 Recommended Budget
- May 20: Tentative Budget Adoption
- June 3: Public Hearing on Tentative Budget/Property Tax Levy/Final Budget Adoption
- July 22: Fixing, Levying, and Assessing Primary and Secondary Property Taxes