Mayor – Sandy Sanders

Acting City Administrator – Jeff Dingman

City Clerk – Sherri Gard

Board of Directors

Ward 1 – Keith D. Lau
Ward 2 – Andre' Good
Ward 3 – Mike Lorenz
Ward 4 – George Catsavis
At Large Position 5 – Tracy Pennartz
At Large Position 6 – Kevin Settle
At Large Position 7 – Don Hutchings

AGENDA

Fort Smith Board of Directors

STUDY SESSION

August 25, 2015 ~ 12:00 Noon
Elm Grove Community Center
1901 North Greenwood Avenue

CALL TO ORDER

1. Items regarding the 2016 Budget

   A. Establish city-wide budget goals for 2016 *~ Deferred from the August 11, 2015 study session ~*

   B. Review departmental service objectives for 2016

2. Review City of Fort Smith employee health coverage *~ Deferred from the August 11, 2015 study session ~*

3. Review preliminary agenda for the September 1, 2015 regular meeting

ADJOURN

The City of Fort Smith ARKANSAS

SS1A.

MEMORANDUM

August 21, 2015

TO: Jeff Dingman, Acting City Administrator

FROM: Jennifer Walker, Deputy Finance Director

SUBJECT: 2016 City Wide Budget Goals

The staff is preparing the 2016 budget. The city-wide budget goals should be established early in the process so that proposed resource allocations can be driven by the board's strategic policy decisions.

ESTABLISHING 2016 BUDGET GOALS

The Comprehensive Plan Vision and a preliminary draft of city wide budget goals is attached to assist the board in establishing city-wide budget goals for 2016.

FINANCIAL OUTLOOK

Our 2015-16 financial outlook has improved compared to our 2014 outlook. The local unemployment rate is currently at 5.9% compared to 6.3% at the same time last year (a 6% reduction). Inflation is approximately 0% (flat). Sales tax revenues are exceeding budget projections by 4%, and expenses are being monitored closely to examine where improvements can be made for the remainder of 2015 and beyond. For 2016, we're projecting most major revenue sources to continue to remain steady or grow slightly (less than 5%). These include sales tax, property tax, franchise fees, water and sewer sales, street operations revenues, and sanitation revenues as outlined below. No rate, tax, or fee increases are included in these assumptions. A sewer rate adjustment will occur again in 2016 to continue work on the consent decree requirements for wet weather sanitary sewer system improvements.

OPERATING FUND	*2016 REVENUE ASSUMPTION*
General	
Sales Tax	3% growth
Property Tax	1-2% growth
Franchise Fee	0.5% growth
Water & Sewer	2% growth
Sanitation	No growth
Street Maintenance	1% growth

This year, we will utilize a new approach to balancing the 2016 budget. We will reasonably estimate revenues utilizing recent trend data with a slightly less conservative approach. Additionally, we will realistically estimate personnel costs at 99%, rather than the traditional 100%. We anticipate this approach, along with a stringent review of current costs, will allow the City to reach a balanced budget with minimal utilization of 2015 ending fund balances / contingencies.

The staff will continue preparation of the 2016 operating and capital improvement budgets consistent with the board's priorities.

BY 2035...

THE CITY OF FORT SMITH is recognized throughout the region and the nation as an exceptional community, characterized by its authenticity and proud frontier heritage, its outstanding quality of life, home town character, vibrant downtown and scenic riverfront. This outstanding livability, coupled with our strategic location, affordability and skilled workforce, has fueled growth, investment and the diversification of our economy. Our success is a result of purposeful and coordinated actions to leverage our assets and overcome our shortcomings, motivated by our vision and guided by our comprehensive plan. With "True Grit" perseverance, a united front of local government, citizens, businesses, institutions and civic groups acting in partnership, realized our vision by advancing progress on four fronts:

1. **RETAINING AND ENHANCING COMMUNITY CHARACTER AND QUALITY OF LIFE**
2. **PROMOTING SOUND GROWTH AND DEVELOPMENT**
3. **GROWING AND DIVERSIFYING OUR ECONOMY**
4. **UNITING OUR PEOPLE, INSTITUTIONS AND GOVERNMENT**

2016 CITY-WIDE BUDGET GOALS

DRAFT

- Incorporate the implementation of the Future Fort Smith Comprehensive Plan and vision statement into the City's operating and capital budgets.

- Provide additional recreation opportunities through use of Parks Capital Improvement Funds to complete construction and opening a softball tournament complex at Chaffee Crossing; designing and beginning construction of a riverfront soccer complex; completing construction of Imani Park Phase 2; improve parking and fishing facilities at Fort Smith Park; and addressing the priorities identified in the updated Trails & Greenways Master Plan to add to and improve the trail network in the City. (FFS Goals NCR-1; TI-3)

- Continue economic growth strategies to increase the job market with higher paying jobs as well as support the construction of Interstate 49, the regional intermodal freight facilities, and improvement/maintenance of the Arkansas River navigation system in order to capitalize on the City's strategic position at the crossroads of highways, rail, and navigable waterways. (FFS Goals ED-1; TI-2)

- Support riverfront development and the revitalization of downtown into a multipurpose activity center. (FFS Goals FLU-2; FLU-3)

- Preserve, protect, and revitalize the City's neighborhoods with continued proactive code enforcement, community beautification, improving public sidewalks, and planting parkway trees. (FFS Goal HN-1)

- Continue compliance with the consent decree for wet weather sanitary sewer system improvements in order to alleviate the occurrence of backups and overflows.

- Educate the community, legislators, and other stakeholders on the funding obligations for police and fire pensions.

- Continue converting portions of the city's fleet to alternatively-fueled vehicles. (FFS Goal NCR-2)

The City of Fort Smith ARKANSAS

SS1B.

August 20, 2015

MEMORANDUM

TO: Jeff Dingman, Acting City Administrator

FROM : Jennifer Walker, Deputy Director of Finance Jennifer Walker

SUBJECT: 2016 Departmental Service Objectives & Key Performance Indicators

Attached for your review are departmental service objectives and key performance indicators for 2016.

As part of the annual budget process, each department is asked to submit service objectives and key performance indicators (KPI) for the coming year. In addition, for 2016, each department has identified both Comprehensive Plan Strategy numbers and City Wide Goals applicable to their specific service objectives.

Once 2016 City Wide goals are finalized by the Board, departments will review their service objectives and corellate with the established city wide goals where applicable .

If you have any questions, please let me know.

District Court 2016 Service Objectives

1. Cross Training of the court's personnel to ensure efficient and high quality service to patrons of the court. (Comprehensive Plan: PFS-1)
2. Increase court revenue by utilizing all resources avaialable to the Court (Comprehensive Plan: PFS-4)
3. Review and update the Court's Procedural Manual (Comprehensive Plan: PFS-2.2)
4. Increase technology and automation through implementation of a new case management software program. (Comprehensive Plan: PFS-1.1.2)
5. Identify further measures to improve court services and performance by implementing efficiency measures and procedures. (Comprehensive Plan: PFS-2.2)
6. Improve the acocuntability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Program #4201 Department: District Court	Promote Citizen Friendly Services (Goal PFS-1)	97% satisfaction	100% satisfaction	97% satisfaction	100% satisfaction
Program #4201 Department: District Court	Build Consistency and Trust with the Public (Goal PFS-2) Maintain full compliance with all statutes pertaining to the operation of district court. This includes education of the court staff on updated processes and procedures.	Achieved	Implementa-tion of all new statutorily mandated laws as passed by the 2015 Legislative Session.	Achieved	Maintain full compliance with all applicable laws pertaining to district court operations.
Program #4201 Department: District Court	Prevent wasteful use of public resources/services (Goal PSF-4) Enforcement of environmental codes to prevent the City from expending funds to raze structures and maintain private properties and/or vacant lots belonging to absentee land owners and citizens of Fort Smith. (Court Use:65601,61617, 61502, 61604,66401)	60 cases	50 cases	44 cases (YTD Aug)	55 cases
Program #4201 Department: District Court	Public Safety Enforcement of the law to maintain order in the community. Maintaining balance between the number of cases filed and cases resolved by processing cases for swift resolution.	43,615 cases filed 37,259 cases resolved	49,616 cases filed 40,072 cases resolved	N/A till year end	46,615 cases filed 38,665 cases resolved

Human Resources 2016 Service Objectives

In support of the the City of Fort Smith Mission Statement, 2016 City Wide Goals and the City of Fort Smith Comprehensive Plan the human resources department established the following service objectives for 2016:

1. Maintain and administer a fair and competitive wage &compensation system.
1. Manage the medical insurance benefit program to provide quality health care at an affordable cost. (Comprehensive Plan: Goal PFS-5.1.1-City Wide Goal #1)
2. Manage a cost-effective workers' compensation program.
3. Continue customer service & social media training for targeted positions
4. Review the possible alternatives for implementing an electronic performance appraisal system
5. Go paperless by imaging all documents

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Human Resources 4104	FTE	944.83	944.83	944.83	944.83
Human Resources 4104	Applications	2500	3000	3000	3000
Human Resources 4104	Civil Service Tests	2	4	4	4
Human Resources 4104	Civil Service Meetings	3	2	2	2
Human Resources 4104	PSC Processed	900	1250	1250	1250

City Clerk 2016 Service Objectives

1. Provide educational opportunities to staff to ensure knowledge and skills are increased to benefit both staff and citizens.

2. Provide prompt processing of official documents, legal publications and codification of ordinances.

3. Provide various administrative services to the public, mayor, board of directors, administration and staff. (Comprehensive Plan PFS-1)

4. Provide up to date information on the department web page.

5. Ensure quality programming of the Government Access Channel 214, including live telecast and rebroadcast of regular meetings of the Board of Directors. (Comprehensive Plan PFS-2)

6. Conduct 2016 municipal elections in compliance with city and state codes.

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Program #4105 City Clerk	Board meetings attended (voting sessions) / Sets of Board minutes	29	28	28	28
Program #4105 City Clerk	Agenda's prepared	59	50	55	55
Program #4105 City Clerk	Ordinances & Resolutions adopted	257	425	300	300
Program #4105 City Clerk	Oak Cemetery Interments / Inurnments	72	65	70	70
Program #4105 City Clerk	Oak Cemetery deeds issued	55	62	65	65
Program #4105 City Clerk	Average Government Access Channel advertisements	266	300	270	275

Finance Department 2016 Service Objectives

1. Support the City's Technology Plan by driving the Enterprise Resource Planning (ERP) system project planning and implementation. (Comprehensive Plan: Goal CCD-3.1)
2. Analyze and improve budget management process for all departments. (Comprehensive Plan: Goal CCD-3)
3. Enhance Accessibility of Financial Data for all City Management, citizens, vendors, and customers.(Comprehensive Plan: GoalCCD-3.1)
4. Enhance accountability across all departments by refining and communicating financial and administrative policies to all employees. (Comprehensive Plan: Goal CCD-3)
5. Improve purchasing process by exploring technology and process improvements through P-Cards and online auction options. (Comprehensive Plan: Goal CCD-3)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Program # 4301 Finance	Number of days to close the year/ month. Target: 10th day of following month; Feb 5 year end.	95%	97%	98%	100%
Program # 4301 Finance	Bond Rating	A	A	A	A
Program # 4301 Finance	A/P Days outstanding 30 days or less	94%	95%	94%	95%
Program # 4301 Finance	Quick Ratio (~cash / liabilities) Target: 85% liquidity	Total 381% (Gen – 467%; Street – 486%; W/S – 233%; San – 321%)	90%	---	90%

2016 Service Objectives
Department of Information and Technology Services (ITS) - 4401

1. Begin implementation of Strategic Development Plan developed in 2014 and 2015. The key piece of this implementation will include identifying and developing an Enterprise Resource Plan (ERP). The ERP implementation will facilitate the flow of information between all departments, provide for greater customer access, promote transparency and enhance business processes throughout the City. Elements of the ERP will include Finance, HR, Utilities, Development Services, Payroll, Asset Management, Document Imaging and Purchasing.

2. Implement comprehensive asset tracking for technology equipment and perform quarterly and yearly audits throughout each City department.

3. Continue to provide timely and effective support of personal computers, related peripherals and communication technology to the Administration and staff of the City of Fort Smith.

4. Provide technical assistance, leadership and, when requested, project management services to those departments wishing to implement new technologies to enhance their business processes.

5. In an effort to maximize the ROI for the City's technology infrastructure, ITS will continue to implement Session Initiated Protocol (SIP) Trunking technology to converge voice and data on a single network. This will eliminate the existing costs for up to five Primary Rate Interfaces (PRI) and result in a lower, overall telephony cost. SIP Trunking provides the benefit of converged communications and will save substantial expense by eliminating the need to maintain existing PRI technologies. *****CONTINUED from 2014/2015.***

6. Continue to provide GIS support to the Fort Chaffee Redevelopment Authority (FCRA) and Fort Smith Regional Chamber of Commerce. This support will enhance the FCRA's and Chamber's ability to pursue their economic development and management goals using GIS and mapping technology. This goal includes the continued maintenance and support of the online Chaffee Crossing GIS Portal and preparation of maps and information for site selectors representing potential business development with the region.

7. Enhance the City's GIS to bring to City staff and the public a more diverse set of geospatial data, applications, and analysis tools for the purpose of enhancing transparency and decision-making which affects Fort Smith and residents. City GIS staff will also explore utilizing cloud-based services for related software and data.

8. Continue to expand the existing private wireless network to allow a greater number of users to access internal services from more locations.

9. Continue to expand the wireless network coverage to include more public sites. This will provide users conducting business with the City seamless access to business services in a variety of locations from a variety of devices.

10. Continue to convert numerous site links to wireless backhaul technology that will be managed internally. This will allow the City to move away from expensive monthly fees currently being assessed by third-party providers. The goal is to continue to realize direct cost savings. *****CONTINUED from 2014/2015.***

11. Continue to utilize key performance indicators to measure the effectiveness of the Information and Technology Services (ITS) Department as presented in the chart that follows:

NAME	FREQUENCY	PURPOSE	MEASUREMENT
Average number of days to resolve a help desk request and average number of outstanding requests.	Weekly/ Monthly	Tracking the average number of days required to resolve a help desk request will help determine response efficiency. The measurement will also help aid in determining the longevity of certain equipment.	We will measure the average number of active support requests in the help desk log on a weekly and monthly basis. The nature of call (e.g. equipment, user difficulty, etc.) will also be observed. This will help determine if a particular piece of equipment is troublesome and/or if there is a need for City-wide training for a particular software application or task.

Engineering Department 2016 Service Objectives

1. Support the livability of neighborhoods by constructing street overlays/reconstruction projects, street improvement projects, and by alleviating drainage problems, all as identified in the 2016 Capital Improvement Program. (Comprehensive Plan: FLU-1.4, TI-5.1, TI-5.2 and NCR-2.6)

2. Implement special projects which evolve during the year. (Comprehensive Plan: FLU-1.4, TI-5.1, TI-5.2 and NCR-2.6)

3. Implement key performance indicators as outlined below. (Comprehensive Plan: FLU-1.4, TI-5.1, TI-5.2 and NCR-2.6)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Program # 4103 Engineering	Prepare annual Street and Drainage Capital Improvement Program and present to the Board of Directors for approval by October 31.	10/08/14	10/31/15	10/20/15	10/31/16
Program # 4103 Engineering	Prepare annual Municipal Separate Storm Sewer System Report and submit to the Arkansas Department of Environmental Quality by June 1.	05/28/14	06/01/15	05/26/15	06/01/16
Program # 4103 Engineering	Manage construction contracts to maintain change orders to within 10 percent of the original contract amount.	100%	100%	100%	100%
Program # 4103 Engineering	Complete development permit reviews (building permit site plans, subdivision plats, construction plans, grading permits and floodplain development permits) within scheduled allotted time.	100%	100%	100%	100%

Development Services Department 2016 Service Objectives

1. Improve the quality of place and life by strengthening customer services and communication with citizens. Continue to monitor department performance via electronic customer service surveys. (Comprehensive Plan PFS-1)
2. Begin implementation of the goals identified for the development services department through the Future Fort Smith Comprehensive Plan.
3. Begin implementation of recommendations from the service enhancement project and in conjunction with the Information Technology (IT) Strategic Technology Plan and the citywide implementation of the overall Enterprise Resource Planning (ERP) project. This will help meet the City's overall objective of transparency and ease-of-access to City services. (Comprehensive Plan PFS-2)
4. Protect and improve existing neighborhoods by continuing the implementation of the CDBG, HOME, and other housing programs. The staff will continue to implement the described objectives contained within the Five Year Consolidated Plan for 2016-2020, staff anticipates level funding for both programs in Program Year 2016. (Comprehensive Plan FLU-1.1)
5. Continue to review, edit and revise portions of the development maps and codes such as the Unified Development Ordinance, zoning map, ETJ, planning area, annexation plans and other development maps.
6. Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

		Actual FY 14	Target FY 15	Actual FY15	Projected FY 16
4108 Building Safety	To process all Building, Plumbing, Mechanical, and Electrical inspections within 24 hours.				
	Workload	9,705	9,568	TBD	10,500
	Completed	9,705	9,568		10,500
	Completion Rate	100%	100%		100%
6900 Neighborhood Services	To enforce nuisance codes through property inspections.				
	Workload	13,070	14,075	TBD	15,000
	Completed	13,070	14,075		15,000
	Completion Rate	100%	100%		100%
4106 Planning & Zoning	To begin implementation of the Comprehensive Plan				
	Recommended Tasks Completed	N/A	2	TBD	2
	Goal		2 tasks comp.		2 tasks comp.
	Completion Rate		2		2
4106 Planning & Zoning	To send a customer service survey to every applicant after a Planning Commission meeting and/or permit.				
	Number of Applicants	98	86	TBD	90
	Number of Surveys Sent	98	86		90
	Completion Rate	100%	100%		100%

Police Department 2016 Service Objectives

1. Deliver high quality services to all stakeholders.
2. Maintain the highest ethics, values, and standards.
3. Monitor cost of police services.
4. Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Program #4701-4705 Police Department	Maintain or reduce response times for Priority 1 Calls for Service to 5 minutes or less	4.5	5.0	4.0 through July, 2015	5.0
Program #4701-4705 Police Department	Respectful dealing with citizens – number of sustained citizen complaints per sworn officer	1/222= .45%	<=4%	5/219= 2.28%	<=4%
Program #4701-4705 Police Department	Cost of police services – Dollar cost of police department per person	16,486,358/222= $74,263	<= $76,491 (represents 3% increase)	Not available	16,638,000/219= $75,973

Goals and Objectives for the Fort Smith Police Department for 2016

Administration

The Department's Administration Division will coordinate the efforts of all Police Divisions to continue implementation of intelligence-led policing within the Department, to include appropriate performance measures.

Support Services

The Network Team will continue to work toward completion of the Fort Smith Police Department Business Continuity/Disaster Recovery Plan at the Emergency Operations Center.

Support Services personnel will continue to work toward the completion of the backup communications center located at the EOC.

Support Services will continue to work toward full electronic entry of police records in support of the efficiency of the Crime and Intelligence Analyst as the Department moves toward Intelligence Led Policing.

The Training Unit will work toward completion of a small arms firing range on the Fort Smith Department of Sanitation property.

Due to recent and pending personnel separations, the Training Unit will identify resources with which to certify instructors for both Emergency Vehicle Operations and Defensive Tactics.

Criminal Investigation

During the first half of 2016, we anticipate assigning a detective to monitor precious metals dealers and pawn brokers to ensure compliance with state law and city ordinances. In addition, this detective will work closely with Leads Online to act as a liaison with other detectives in helping to identify and return stolen property and identify individuals pawning stolen property. Furthermore, this detective will assist with sex offender registration and compliance as we have almost 300 registered sex offenders living and or working in the City of Fort Smith, with only one full time investigator assigned to monitor all of them.

Patrol

The Patrol Division needs to replace ten of the older, more heavily-worn fleet units with new vehicles and equipment. This replacement will improve the reliability of the necessary patrol response units and save additional repair costs associated with overuse of aging equipment.

The Patrol Division needs to provide a K-9 handler with K-9 Supervisor training as part of the department's commitment to succession planning.

Radio Maintenance

In order to maintain technical expertise in the Radio Communications Division we need to obtain training for the Radio Technician position. This will include online classes as well as instructor led classroom training and will involve travel and lodging.

There is a need for additional indoor space for vehicle maintenance and outfitting of new fleet vehicles.

Fort Smith Fire Department
2016 Service Objectives

1. Land has been acquired for a future fire station in south Fort Smith to support infrastructure requirements necessary for future growth. (Comprehensive Plan: FLU - 1.3.2; FLU - 1.4)
2. Continue to follow the guidelines of the Insurance Services Office (ISO) and National Fire Protection Association (NFPA) service and response requirements for future expansion and growth. (Comprehensive Plan: ED – 4.1)
3. Evaluate all possible design and construction methods to ensure future fire department facilities are cost effective and efficient. (Comprehensive Plan: HN – 1.2)
4. Continue to support housing and neighborhood development through proper application and monitoring of current building and safety codes. (Comprehensive Plan: HN – 3.2; HN – 4.1; HN – 4.2; HN – 4.3)
5. Protect residential neighborhoods from excessive through traffic by assisting other city departments in monitoring and developing traffic calming techniques. (Comprehensive Plan: TI – 1.4)
6. Promote a business-friendly and citizen friendly government by maintaining fair and transparent fire codes and apply equally to all customers. (Compressive Plan: PFS – 1.1; PFS – 1.1.2)
7. Maintain open communication between the City, the business community, and residents through participation in public programs such as Citizens Fire Academy, attending all neighborhood ward meetings, and delivering public safety education sessions to residents, school children, and businesses. (Comprehensive Plan: PFS – 2.2)
8. Maximize taxpayer dollars by seeking opportunities to co-locate future facilities to maximum efficiencies and reduce capital and operating costs by continuing to develop the Fort Smith Fire Department Training Facility located at, and partnership with, the Fort Smith Department of Sanitation. (Comprehensive Plan: PFS – 4)
9. Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
Program #4802 & 4803 Fire Department	To strive to keep property loss from fires or other incidents to a minimum / To keep property loss to less than 10%	Value of property responded to: **$267.1 Million** Total Percent Lost: **1.63%** Total Percent Saved: **98.37%**	To keep property loss to less than 10%	Thru 06/30/2015 - Value of property responded to: **$30.79 Million** Total Percent Lost: **9.84%** Total Percent Saved: **90.16%**	To keep property loss to less than 10%
Program # 4802 & 4803 Fire Department	To meet NFPA and ISO Response Time Standards / To be on scene in 4 minutes or less after receipt of alarm	3 minutes 20 seconds	To be on scene in 4 minutes or less after receipt of alarm	3 minutes 27 seconds	To be on scene in 4 minutes or less after receipt of alarm
Program # 4801-4802 Fire Department	To keep property fire insurance rates as low as possible / Public Protection Class 2 or better	Class 2 with a score of 80.28 out of 100	Public Protection Class 2 or better	Class 2 with a score of 80.28 out of 100	Public Protection Class 2 or better
Program # 4801 Fire Department	To keep casualties and property loss from fire as low as possible through education and inspections	The Fire Prevention and Investigation Division received a grant from FEMA to purchase 600 smoke detector	Children, Senior Citizens, low income, and higher risk occupancies	1,910 citizens reached through fire education program. 456 Life Safety Surveys completed. 172 commer	Children, Senior Citizens, low income, and higher risk occupancies

		s for citizens in Fort Smith that fall within the target group. All 600 smoke detectors have been installed as of December 31, 2014.		cial fire pre-plans completed.	
Program # 4804 Fire Department	To increase safety and efficiency through training / Achieve 30,066 total training hours for individual and company training per year	56,608 individual & company training hours completed as of December 31.	To increase safety and efficiency through training / Achieve 30,066 total training hours for individual and company training per year	26,218 individual & company training hours completed as of 06/30/2015	To increase safety and efficiency through training / Achieve 30,066 total training hours for individual and company training per year

STREETS AND TRAFFIC CONTROL DEPARTMENT 2016 SERVICE OBJECTIVES

1. Continue to respondto citizen's request for service in a timely, effective and efficient manner. (Comprehensive Plan: Goal PFS-1 and 2)

2. Continue to lessen the potential for property damage from flooding by regularly cleaning and clearing debris from ditches, channels and drainage structures. (Comprehensive Plan: Goal HN-1 and CCD-1)

3. Continue to preserve the appearance of public property by mowing detention ponds, levees,City owned right-of-way and drainage easements.(Comprehensive Plan: Goal HN-1 and CCD-1)

4. Continue to improve the safety of the traveling public by repairing and upgrading traffic control devices (signals, signs, striping, pedestrian crosswalks, etc.). (Comprehensive Plan: Goal TI-1, TI-3)

5. Improve the radio interconnect of traffic signals by connecting 50 additional intersections to the system. (Comprehensive Plan: Goal TI-1)

6. Further develop a long range plan for sidewalk repair and continue to implement the year to year plan. (Comprehensive Plan: Goal TI-3)

7. Continue towards implementation of a computerized work order system within the department to better sync with utilities department and create a paperless notification system to supervisors. (Comprehensive Plan: Goal PFS-4)

KEY PERFORMANCE INDICATORS

DEPARTMENT	PERFORMANCE MEASURE	FY 2014 Target	FY 2014 Actual	FY 2015 Target	FY 2015 Actual	FY 2016 Target	FY 2016 Actual
Traffic Control (5401 and 5405)	% of traffic light repairs completed within 4 hours	100%	95%	100%	98%	100%	
Street Maintenance (5304)	% of repairs (utility cuts, driveway cuts and sidewalks) within 4 days	100%	90%	100%	90%	100%	
Drainage Department (5303)	Regrade major creeks (12 locations) annually	100%	75%	100%	65%	100%	
Street Construction (5302)	Complete construction of drainage projects and street overlays	100%	80%	100%	85%	100%	
Sidewalk Construction (5305)	Complete 6 miles of sidewalk repair	100%	110%	100%	100%	100%	
Street Maintenance (5304) Street Construction (5302) Drainage Department (5303)	Equip trucks with snow plows. Implement liquid deicing program.	100%	100%	100%	95%	100%	

Utility Department 2016 Service Objectives

1. Plan for water and sewer extensions to support growth to better serve Fort Smith and regional growth. (Comprehensive Plan: GoalED-4 & FLU-1)

2. Implement investigations, construction, programs and staffing needs for the wastewater collection and transmission systems to assure compliance with the Consent Decree. (Comprehensive Plan: Goal ED-3 & FLU-1)

3. Use innovation and improved uses of technology to better utilize resources for serving the community. Continue planning, design and construction practices that assure reliability and best value. Continue the development and integration of strategic management planning and benchmark assessments. (Comprehensive Plan: GoalED-3, FLU-1 & NCR-2)

Utilities Department

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
5610 Water Line Maintenance	Water Service Line Installations	248	200		
5612 Sewer Line Construction	Sewer Service Line Installations	49	55		
5612 Sewer Line Construction	Sewer Service Line Replacements	185	175		
5612 Sewer Line Construction	Sewer Main Replacement	820 L.F.	1,800 L.F.		
5611 Sewer Line Maintenance	Sewer Line Cleaning (1)	467,070 L.F.	125,000 L.F.		
5611 Sewer Line Maintenance	CCTV Inspected	79,175 L.F.	60,000 L.F.		
5610 Water Line Maintenance	Water Line Leaks Repaired	827	980		
5610 & 5611 Water Line & Sewer Line	One-Call Locate Requests	8,527	8,600		

Maintenance					
5604, 5610 & 5616 Water Maintenance Programs	Water System Work Orders (2)	20,840	21,000		
5611 Sewer Line Maintenance	Sewer System Work Orders (3)	3,804	3,990		

(1) Revised toConsent Decreereporting to be established for small diameter gravity sewer line cleaning program. Multiple cleaning of the same pipe segments may not be counted more than once in any calendar year. No longer includes power rodding or power jetting for line stoppage removals.

(2) Water system work orders combines programs for water lines, pump stations and treatment plants.

(3) Sewer system work orders includes only sewer line maintenance.

Parks 2016 Service Objectives

1. Expand the role of parks by developing a healthy living campaign to commence mid-year 2017. (City-Wide Goal 1; Comprehensive Plan: Goal NCR-4)
2. Continue to meet the goals of the Capital Improvement Plan through dedicated funding of the sales and use tax. (City-Wide Goal 2; Comprehensive Plan: NCR-1)
3. Contract with a consultant with the Engineering Department to study the incorporation of bike lanes into transportation planning. (Comprehensive Plan: Goal TI-3)
4. Evaluate replacement of existing banners along Garrison Avenue Streetscape with light boxes which will be more cost effective and in keeping with the downtown aesthetics. (City-Wide Goal 2; Comprehensive Plan: ED-6.1.1)
5. Promote riverfront development by constructing a soccer complex on the Riverfront Drive property. (City-Wide Goal 4; Comprehensive Plan: FLU-2.3)
6. Maintain open communication between the City, the CBID, the Parks Commission, and residents through participation in public programs such as Commission meetings, Movies in the Park, Downtown events, Career Fairs at local schools, and attending neighborhood ward meetings. (City-Wide Goal 1; Comprehensive Plan: PFS-2.2)
7. Improve the accountability and performance measurement of our budget by including key performance indicators for the Parks Department as outlined below. (City-Wide Goal 1; Comprehensive Plan: Goal PFS-2)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
6201 Parks Maintenance	Mow each park on a seven day turn around during the mowing season(approx. 24 weeks).	New Indicator	New Indicator	New Indicator	17
6202 Oak Cemetery	Mow the cemetery weekly during the mowing season (approx. 24 weeks).	24	24		24
6204 Community Centers	Maintain the same number of hours reserved.	4,433 Hours	5,084 Hours		5,084 Hours
6205 Aquatics	Maintain the same revenue to expense ratio.	49%	42%		45%
6206 Riverfront/Downtown	Maintain the same number of hours reserved.	3,527 Hours	3,859 Hours		3,944 Hours
6207 The Park at West End	Maintain the same level of revenue.	29,115	21,500		22,575

Fort Smith Convention Center 2016 Service Goals &Objectives:

I. Attract new clients and retain the current client base by emphasizing excellent customer service. The Center team will continually seek opportunities to ensure that our customers receive the best value and service for their money.

- Make 40 contacts per week with local, state, regional or national organizations. Prospect at least 15 new organizations per week to qualify potential future meetings and events business.
- Conduct a minimum of 22 site tours each month.
- Hold a pre and post conference meetings with all key client meeting planners to determine customer satisfaction and to maintain current client base.

II. Next to customer service, operational efficiencies will be a top priority for every member of the staff. Each team member will establish ongoing programs in their areas of responsibility to ensure maximum operational efficiencies throughout the Center.

- Follow an annually revised/updated ongoing facility and equipment maintenance procedures manual.
- Completing all critical facility repairs within 12 hours and all other repairs within 72 hours.
- Resolve all facility cleanliness issues immediately when possible, or within 24 hours.

III. Continue to capitalize on working relationship with the Convention and Visitors Bureau with regards to integrated marketing of the Convention Center. The partnership allows The Fort Smith Convention Center to be better poised to achieve brand recognition, credibility and greater market share. We will continue to emphasize this partnership in our marketing strategies to maximize our customers' understanding of the benefits and opportunities this partnership creates.

- Maximize advertising dollars by co-advertising and tradeshow participations with the Fort Smith Convention and Visitors Bureau by exhibiting in at least five annual convention tradeshows per year to secure leads. Conventions to attend: CMCA (Christian Meetings & Conventions Association), ASAE (Arkansas Society of Association Executives), Collinson Media's *Connect* Marketplace and *Rejuvenate* Marketplace and National Guard of Arkansas Association convention.
- Track and follow up with leads from various tradeshows to ensure lead quality level and gain business for the Convention Center.
- Co-advertising in industry publications with the Fort Smith Convention and Visitors Bureau.

IV. The Fort Smith Convention Center will create a positive economic impact on the community by providing quality public assembly, exhibit, theatrical performance and meeting facilities. The result will be thousands of meeting/event attendees spending their money in our immediate area. A thriving Convention Center increases business for the local hospitality, service and restaurant sectors capturing revenue that would not be there otherwise.

V. The Fort Smith Convention Center will maximize revenue to allow for future growth by controlling costs, adding additional services, increasing utilization and creating a price schedule that properly reflects market and economic realities to maximize bookings and regain customers who might have chosen an alternate venue based upon affordability.

- Offer promotional, reusable spill resistant/proof souvenir cups through concessions and beverage operations at public events to encourage beverage revenue growth and to promote the Convention Center.

VI. Continue administering the client survey 'report card' program designed to gather feedback about Convention Center service levels and quality of facilities from our clients. Achieve minimally a 25% client response rate; meaning that we receive a report card completed by the client for at least 25% of our events. Maintain an overall score showing that the Convention Center 'meets or exceeds' expectations 95% of the time in all areas of the sales & planning process and operations areas.

VII. In conjunction with the CVB staff, the Convention Center Sales staff will populate the Event Impact Calculator with appropriate event details within three months following the event's conclusion. This objective will ensure the A and P Commission's goal of producing/publishing measurable local/regional economic impact data in a timely fashion periodically annually.

❖ 2016Strategies:

- Achieve goal of prospecting and qualifying at least 15 new potential clients each week.
- Maintain membership with several industry related organizations such as Arkansas Society of Association Executives (ASAE), Collinson Media's Connect Marketplace and Rejuvenate Marketplace, and the National Guard of Arkansas Association.
- Drive short-term booking revenue and increase awareness of the Fort Smith Convention Center by developing new client lists through referrals, social networking, the internet, magazines and newspapers.Generate repeat bookings and new local short-term business by maintaining communication with active client leads.
- Provide timely and precise follow-up on all sales and event-related inquiries. Every inquiry is a potential client. Files and communication records shall be created for all inquiries, regardless of the booking outcome.
- Provide our clients with quality sales collateral to include facility portfolio, meeting space diagrams, hotel and local business and attraction information in conjunction with the Fort Smith Convention and Visitor's Bureau.
- Market in conjunction with the Fort Smith Convention and Visitor's Bureau to have a broader reach not only locally, but regionally and nationally.
- Work with Fort Smith Convention and Visitor's Bureau to provide walk-through tours, brochures, and facility collateral to all potential client and site selection committees.
- Work with the Fort Smith Convention and Visitor's Bureau/ A & P Commission to extend incentives for conventions through the co-operative program currently in place. Groups must meet specific criteria (i.e. minimum attendance numbers, event days, meeting room rentals) to be considered for funding assistance from sleeping rooms that can help cover The Fort Smith Convention Center rental costs.
- Participate in industry Trade Shows to develop a high level of awareness of the Fort Smith Convention Center as a meeting and convention destination through participation in industry trade shows with colleagues from the Fort Smith Convention and Visitor's Bureau as well as networking at local events.
- Maintain memberships in organizations that promote local development and growth, such asChamber of Commerce, Business By Referral, Western Arkansas Mountain Frontier (WAMF), International Association of Venue Managers and Arkansas Hospitality Association (AHA).
- Remain abreast of industry information to discover new event/booking trends that could be successful in the Fort Smith/ River Valley area.
- Maintain continuous assessment of the facilities, schedule regular servicing of equipment, provide ongoing preventative maintenance and seek out energy efficiency opportunities.
- Establish and maintain relationships with convention center sales/operations staff at facilities in Hot Springs, Little Rock and other regional cities to expose show routing opportunities previously not explored.
- Regularly and periodically attend Chamber sponsored networking events, First Friday Breakfast meetings and business after hours activities; all of which will provide opportunity for Sales staff to make meaningful business connections and gain business for the Convention Center.

2016REVENUE GOALS

We will establish a diverse customer base that will optimize the versatility of the facility concentrating on revenue and utilization in the following categories:

36	Large Center Programs/Concerts	$ 129,000.00
14	Exhibits and/or Tradeshows	$ 97,000.00
9	State Conventions/Meetings/Events	$ 53,000.00
9	Regional/National/Conventions/Meetings/Events	$ 39,000.00
75	Local Events	$ 130,000.00
57	Theater Events	$ 112,000.00
200	Events	**$ 560,000.00**
Catering/Concessions/Vending/Beverages		$ 87,000.00
		$ 647,000.00

Department of Sanitation 2016 Service Objectives

1. Upgrade heavy landfill equipment through leasing.
2. Reduce donated and/or supplemented services provided to outside entities.
3. Expand or make commercial garbage and recycling collection services available to businesses in surrounding counties.
4. Semi-automate commercial transactions at the landfill scale facility.
5. Promote residential, commercial, industrial, and regional sanitary landfill services through various media outlets including television and radio advertisements. (Comprehensive Plan: Goal CCD-3)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual**	**FY 2016 Target**
6302 Sanitation	Cubic Yards of Residential Recyclables Diverted from the Landfill	15653	16010	19833	20667
6302 Sanitation	Cubic Yards of Residential Yard Waste Diverted from the Landfill	61282	30500	59342	60667
6302 Sanitation	Residential Collections Serviced by the Trouble Shooter Per Day	277	265	244	225
6303 Sanitation	Cubic Yards of Commercial Recyclables Diverted from the Landfill	6847	6950	7636	7800
6302, 6303, 6307 Sanitation	Gallons of Diesel Fuel Consumed per 1,000 Customers (Residential, Commercial, Industrial Collections"	622	577	785	750
6302 Sanitation	Residential Accounts	26654	27250	26488	27100
6302 Sanitation	Requests for Dial-A-Truck	3698	3100	4217	4100
6302 Sanitation	Tons of Residential Refuse Collected Per Year	27861	27525	28782	28580
6303 Sanitation	Commercial Tons Collected Per Week	369	360	375	360
6303 Sanitation	Commercial Tons Collected Per Year	19198	18720	19510	19610
6307 Sanitation	Industrial Roll-Off Tons Collected Per Week	951	738	918	927
6307 Sanitation	Industrial Roll-Off Tons Collected Per Week	49466	38376	47718	48220
6305 Sanitation	Landfill Tons of Refuse Disposed of At Landfill Per Year	259122	255015	258187	257550
6305 Sanitation	Tons of Yard Waste Diverted from Landfill	9192	9250	8901	9100

Transit Department 2016 Service Objectives

1. Convert one new replacement bus to bi-fuel (unleaded & CNG) bringing the department's operating fleet to 55% CNG. (Comprehensive Plan: Goal NCR-2.3.1)
2. Work with the Frontier Metropolitan Planning Organization on performing an assessment of bus stops to determine complexities associates with ADA access. (Comprehensive Plan: Goals TI-4.1 and TI-4.2)
3. Enhance passenger amenities by providing bus stop shelters along fixed route corridors. (Comprehensive Plan: Goal PFS-4.2 and TI-4.2)
4. Improve the accountability and performance measurement of our budget by including key performance indicators for the Department as outlined below. (Comprehensive Plan: Goal PFS-2)

Key Performance Indicators					
Program	**Performance Measure**	**FY 2014 Actual**	**FY 2015 Target**	**FY 2015 Actual Jan-June**	**FY 2016 Target**
6550 - Transit	Total Ridership	204,097	220,000	98,017	210,000
6550 – Transit	Cost Per Passenger	11.27	10.73	12.26	10.58
6550 – Transit	Cost Per Hour	83.68	78.71	79.17	72.04
6550 - Transit	Demand Response on Time Performance – Appointments	99.68	100.00	99.7	100.00
6550 – Transit	Demand Response on Time Performance – Non Appointments	95.40	100.0	96.95	100.00

CONVENTION AND VISITORS BUREAU 2016 SERVICE OBJECTIVES

1. Continue to maximize transient guest tax receipts through aggressively marketing the Fort Smith area's hospitality, facilities and attractions to convention/event, corporate and leisure travel markets, utilizing our "History" brand whenever appropriate.
2. Continue to develop and maintain a database of planners in the convention and corporate markets whose business will positively impact the Fort Smith area economy and enhance the local tax base and thus quality of life for area citizens. (Comprehensive Plan ED-4)
3. Continue to build upon cooperative relationships with all Fort Smith area businesses, especially those business partners critical to the area's hospitality industry.
4. Ensure a positive guest experience by connecting the guest with quality products or services provided by our Fort Smith area business partners. (Comprehensive Plan FLU-3.4)
5. Take a leading role in the Fort Smith economic development efforts through interface with those involved in development efforts, particularly on a regional level in surrounding counties in both Arkansas and Oklahoma. (Comprehensive Plan FLU-2)
6. Educate local and area business leaders and state/regional event planners as to the Fort Smith Bureau's role in assisting with attracting and servicing events in Fort Smith.
7. Take an active role in "destination development" efforts to add tourist attractions to the Fort Smith area. Continue to take a leading role in development of the United States Marshals Service National Museum in Fort Smith. Be sure to include expanded sports complex facilities and Aquatics Park in addition to the Park at West End in all marketing messages. Continue planning to adjust our marketing efforts to feature all above referenced features as primary attractions in the region as they develop, relying on our "History" brand whenever appropriate. 2016 messages should include the number of newly renovated rooms and the addition of one hotel (Home 2). (Comprehensive Plan FLU-1.5)
8. Ongoing refinement of the communications program to maximize Fort Smith's exposure to all target audiences through standard marketing practices in print and relying more heavily on the worldwide web, utilizing on our "History" brand whenever appropriate.
9. Continue to grow our presence in all versions of internet social media vehicles. Redesign of website and addition of mobile will enhance our ability to deliver our messages.
10. Place top priority on responding the economic conditions in the local market by adjusting marketing plans based on funding. Grow the reserve A & P Fund account as much as possible.
11. Continue to take as active a role as possible in guaranteeing the continued availability of quality meeting and exhibit space and service at the Fort Smith Convention Center, the Kay Rodgers Park Expo facility, and any other quality function space that may be developed.
12. Place an increased emphasis on the rebooking of successful events, particularly those that comprise a two state region of attendees of Arkansas and Oklahoma memberships, taking full advantage of our geographic location as a "border" destination.
13. Capture, on a regular basis, post event statistics for use in the Event Impact Calculator to maximize our knowledge of the economic value of hosted events.
14. Consider reinstating direct sales methods to sell to the sporting events market now that expanded facilities are available.

Convention and Visitors Bureau

2016 Service Measures/Performance Indicators

1. Maximize the exposure of Fort Smith through advertisements and articles about the City of Fort Smith and it's hospitality offerings.

2. Increase the number of leads provided to the Fort Smith Convention Center and hospitality community by 10% to 140.

3. Contribute to the increase in Fort Smith area hotel occupancy through an increase in convention/event guests. Influence achievement in 3% occupancy tax to a minimum of $839,227.

4. Increase the number of citywide convention/event proposals by 20% to 37.

5. Increase the number of motor coach tour groups into the Fort Smith area by 10%to 85.

6. Increase the number of guests to the Fort Smith Visitor Information Center, "Miss Laura's" and Chaffee Barbershop by 3% to 14,639.

7. Influence a consistent monthly increase in web site and Facebook activity.

FORT SMITH CONVENTION & VISITORS BUREAU
2016 SERVICE OBJECTIVES AND OUTCOMES

SERVICE OBJECTIVES	OUTCOME			
	Actual FY 14	**Budget FY 15**	**Estimated FY 15**	**Budget FY 16**
Maximnize the exposure of the Fort Smith area through advertisements and articles about the City of Fort Smith and its hospitality offerings.	2,902 inches of editorial	3,000 column inches of editorial	Through May 1,384 inches	3,000 inches
Increase the number of leads provided to the Fort Smith Convention Center and the Fort Smith Hospitality Community by 10% (June-May).	133 leads (2013-2014)	146 leads (2014-2015)	127 leads (2014-2015)	140 (2015-2016)
Contribute to an increase in Fort Smith area hotel occupancy through an increase in convention/event guests.	Room tax $761,826	Room tax $770,000	Room tax $ 407,663 (Jan-June)	Room tax $839,227
Increase the number of citywide convention/event proposals by 20% (June-May).	43 (2013-2014)	46 (2014-2015)	31 (2014-2015)	37 (2015-2016)
Increase the number of tour groups into the Fort Smith area by 10%.	73	81	26 (Jan-May)	89

FORT SMITH CONVENTION & VISITORS BUREAU
2016 SERVICE OBJECTIVES AND OUTCOMES

SERVICE OBJECTIVES		OUTCOME			
		Actual FY 14	Budget FY 15	Estimated FY 15	Budget FY16
Increases the number of guests to the Fort Smith Visitor Information Center, 'Miss Laura's' & Chaffee Barber Shop attraction by 3%		13,273	14,214	4,716 (Jan-May)	14,639
Influence a consistent monthly Increase in web site and Facebook activity	Sessions	93,990	50,000	45,760	100,000
	Face book Fans	5,692	6,200	6,459	6,600
	Page views	220,734	135,000	149,765 (Jan-May)	200,000

MEMORANDUM

TO: **Jeff Dingman, Acting City Administrator**

FROM: Richard B. Jones, Director of Human Resources

DATE: August 11, 2015

SUBJECT: **Review City of Fort Smith Employee Health Coverage**

As requested by the Board of Directors, I have provided an overview of the City of Fort Smith's self-funded health plan and provided a comparison to the Arkansas Municipal League's plan, attachment #1.

The memorandum supporting resolution 75-15, attachment #2, explained the continual process we have used to provide superior health coverage while concurrently holding our employees and their spouses accountable for their health. Our plan includes many cost containment features that require employees and their families to actively manage their health in order to get the lowest premium and lowest deductible, thereby, all health risk factors of the organization can be managed. This is accomplished by encouraging access and removing barriers so employees and their families can take an active role in managing their health. The City's cost trend for the last 12 years is presently 3.27% which is well below the national trends for both government and private industry, attachment #3.

There are four critical issues with moving the City of Fort Smith's Health coverage to any other health plan design that we do not control. The only way to manage cost containment in healthcare is to maintain control of the plan design and each piece of the healthcare program.

First, we maintain control of all of our healthcare dollars and pay claims and expenses as they are incurred, so all the money remains in the City's bank accounts.

Second, our plan manages cost through a value based benefits design and consumer driven choices; thereby, keeping cost low without sacrificing health outcomes for our employees and their families.

Third, we currently have spent 12 years creating a culture promoting wellness by carefully piecing together the best available innovations in healthcare, all of which are evidence based,

providing the best healthcare outcomes for our employees and their families. This includes our best in class TPA, Meritain, using the Aetna Point of Service II Network with more than 775,000 providers nationwide including more than 500 centers of excellence. ECRx to provide prescription benefits created locally using our partnership with the Employers Health Coalition, RxResults and UAMS which includes a value based benefit design and access to more than 64,000 pharmacies nationwide. Our prescription drug cost was less in 2014 than it was in 2003. IMWELL, our employer based clinic, providing primary care using the patient centered medical home model to treat the whole person. IMWELL provides care to more than 900 of the city's 1900 employees and their families.

Finally, and most importantly is that the City has developed a partnership with our employees and their families that promotes culture of wellness by each person knowing and managing their health to keep the cost of healthcare as low as possible.

Summary of Benefits and Coverage 2015	CoFS Plan	AML Plan
PPO Network	Aetna Choice Plus 2	Independent Arkansas Network
Annual Deductible	Deductible credit for adults compliant with	
In-network	wellness up to $1500 for in-network providers	N/A
Individual	$500 - $2000	$500-$1,200-$2,000
Employee+Children	$1000 - $2500	$6,000
Employee+Spouse	$1000 - $4000	$6,000
Family	$1000 - $4000	$6,000
Out-of-network		
Individual	$4,000	$500-$1,200-$2,000
Employee+Children	$4,800	$6,000
Employee+Spouse	$8,000	$6,000
Family	$8,000	$6,000
Annual Out-of-pocket Maximum (In-network only)		
Medical		Does not include in-patient beyond 30 days
Individual	$4,350	$4,000
Employee+Children	$5,550	$8,000
Employee+Spouse	$8,700	$8,000
Family	$9,900	$8,000
Prescription Drug		
Individual	$1,450	$2,600
Employee+Children	$3,300	$5,200
Employee+Spouse	$2,900	$5,200
Family	$3,300	$5,200
Combined Medical and Prescription Drug		
Individual	$5,800	$6,600
Employee+Children	$8,850	$13,200
Employee+Spouse	$11,600	$13,200
Family	$13,200	$13,200
Physician Office Visit Co-pay		
In-network		
IMWELL	$0 copay then 100% co-insurance	N/A
Primary Care	$25 then 100% co-insurance	$20 then 80%/20% co-insurance (CPT Codes 99201-99215)
Specialist	$25 then 100% co-insurance	$20 then 80%/20% co-insurance (CPT Codes 99201-99215)
Other	$25 then 100% co-insurance	80%/20% co-insurance
Out-of-network		
Primary Care	60%/40% co-insurance	$20 then 50%/50% co-insurance
Specialist	60%/40% co-insurance	$20 then 50%/50% co-insurance
Other	60%/40% co-insurance	50%/50% co-insurance
Diagnostic Tests and Imaging		
In-network	80%/20%	80%/20%
Out-of-network	60%/40%	50%/50%
Pre-certification Penalty	$500	None
In-patient Hospital		
In-network		
Facility	80%/20%	80%/20%
Room & Board	80%/20%	80%/20%
Physician/Surgeon	80%/20%	80%/20%
Out-of-network		
Facility	60%/40%	50%/50%
Room & Board	60%/40%	50%/50%
Physician/Surgeon	60%/40%	50%/50%
Pre-certification Penalty	$500	$1,500
Out-patient Hospital Surgery		Limit of two elective surgeries annually
In-network		
Facility	80%/20%	80%/20%
Physician/Surgeon	80%/20%	80%/20%
Out-of-network		
Facility	60%/40%	50%/50%
Physician/Surgeon	60%/40%	50%/50%
Pre-certification Penalty	$500	$1,500

Summary of Benefits and Coverage 2015	CoFS Plan	AML Plan
PPO Network	Aetna Choice Plus 2	Independent Arkansas Network
Emergency Care		
In-network		
Emergency Room - Medical emergency	80%/20%	80%/20% $250 co-pay - wavied if admitted
Emergency Room - Non-medical emergency	80%/20%	80%/20% $250 co-pay - wavied if admitted
Emergency Transportation	80%/20%	80%/20%
Urgent Care	$25 co-pay then 100%	$20 co-pay 80%/20%
Out-of-network		
Emergency Room - Medical emergency	80%/20%	80%/20% $250 co-pay - wavied if admitted
Emergency Room - Non-medical emergency	60%/40%	50%/50% $250 co-pay - wavied if admitted
Emergency Transportation	60%/40%	80%/20%
Urgent Care	60%/40%	$20 co-pay 80%/20%
Pre-certification Penalty	None	
Mental Health and Substance Abuse		(No out-patient substance abuse covered)
In-network		
In-patient	80%/20%	80%/20% limited to 10 days annually
Out-patient		
Office Visit	$25 co-pay then 100%	80%/20% limited to 24 visits annually
Out-of-network		
In-patient	60%/40%	50%/50% limited to 10 days annually
Out-patient		
Office Visit	60%/40%	50%/50% limited to 24 visits annually
Pre-certification Penalty	$500	Required - 1 treatment per lifetime
Home Health Care		
In-network	80%/20%	80%/20% 20 visits annually
Out-of-network	60%/40%	50%/50% 20 visits annually
Precertification Penalty	$500	$1,500
Rehabilitation Services		
In-network	80%/20% 60 visits annually	80%/20% 20 visits annually-30 days accute care
Out-of-network	60%/40% 60 visits annually	50%/50% 20 visits annually-15 days non accute
Habilitation Services		
In-network	80%/20%	80%/20% 30 visits annually
Out-of-network	60%/40%	50%50% 30 visits annually
Skilled Nursing Care		
In-network	80%/20%	80%/20% 15 visits annually
Out-of-network	60%/40%	50%50% 15 visits annually
Durabal Medical Equipment		
In-network	80%/20%	80%/20%
Out-of-network	60%/40%	50%/50%
Hospice Care		
In-network	80%/20%	80%/20% 90 days lifetime
Out-of-network	60%/40%	50%/50% 90 days lifetime
Prescription Drugs		
Generic		
All other pharmacies	20% co--pay, $10 Min/$125 Max - 30-day	$10
Align pharmacy - retail	20% co-pay, $5 Min/$75 Max - 30-day	
Align pharmacy - mail order	20% co-pay, $12.50 Min/$225 Max - 90-day	
Preferred Brand Name Drugs		
All other pharmacies	30% co-pay, $25 Min/$125 Max - 30-day	$30
Align pharmacy	30% co-pay, $62.50 Min/$225 Max - 90-day	
Non-preferred Name Brand Drugs		
All other pharmacies	40% co-pay, $40 Min/$125 Max - 30 day	$50
Align pharmacy	40% co-pay, $100 Min/$225 Max - 90-day	
Specialty Drugs	Same as generic, preferred and non-	$1,000 or less/$50 - over $1,000/$100
Reference Based Drugs	For reference based drugs participant pays 100% of the amount above the stipulated price.	For reference based drugs participant pays 100% of the amount above the stipulated price.

Arthur J. Gallagher & Co.
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The City of Fort Smith

Medical Plan Actuarial Valuation

Arkansas Municipal League Plans Comparison

As requested, we submitted medical plan design data to our actuaries and requested a comparative analysis of the value of benefits. We compared the actuarial value of benefits developed by the current City of Fort Smith medical plan design with three medical plans offered by the Arkansas Municipal League. The results are as follows:

The City of Fort Smith Medical Plan	Arkansas Municipal League Medical Plans			
	Percentage of Eligible Charges Paid By the Plan			
	Current	$500 Ded.	$1,200 Ded.	$2,000 Ded.
Medical	80.4	82.0	78.3	75.3
Wellness Incentives	9.5			
Total	89.9	82.0	78.3	75.3
Medical Valuation Differential		7.9	11.6	14.8
Rx	83.3	82.7	82.7	82.7
Rx Valuation Differential		.6	.6	.6

This study does not take into account variance in PPO network discounts. There could be a 5%-10% variance in discounts provided by Aetna's Choice Plus II PPO network compared to the AML PPO network.

MEMORANDUM

TO: **Ray Gosack, City Administrator**

FROM: Richard B. Jones, Director of Human Resources

DATE: May 1, 2015

SUBJECT: **Policy Regarding Employer and Employee Cost Sharing for Benefits**

As requested by the Board of Directors, I have prepared a resolution outlining the funding policy for the City's internal service fund 9106.

First, it establishes the percentages of cost sharing that the City and the employees will each provide.

Since 2003, the balance we have achieved is about a **75/25** premium split between City funds and the employees' premium contributions for all benefits in fund 9106 (this includes blending 100% funding from retirees, airport, library and COBRA participants, see attachment 1). This level of cost sharing is consistent with a recent Kaiser Foundation benchmark study comparing 2004 to 2014, attachment 2. We have been very close to that **75/25** balance every year since 2003 when I began closely monitoring all benefit costs in fund 9106.

The following table is a close estimate of the cost sharing allocations by benefit for fund 9106:

Benefit	City	Employee
Medical & Rx	75%	25%
Dental	75%	25%
Vision	75%	25%
Life Insurance	100%	0%
Long Term Disability	60%	40%
Dependent Life Insurance	0%	100%
Employee Assistance Plan	100%	0%
Supplemental Benefits	0%	100%

The medical, dental and vision premium structure for 2015 is attached. I have added

percentages to the columns for reference. The employee contribution is a variable amount based on participation in the City's wellness plan, attachment 3.

Beginning in 2004, the City partnered with our employees and their families by promoting wellness and prevention in exchange for reduced premiums and reduced cost for proactive health services. This partnership has been successful in keeping our healthcare cost below benchmark when compared to our peers. In fact, we were more than 40% below the national average for 2014, attachment 4.

Every year I review the City's benefits to keep costs down and to stay ahead of the latest innovation by looking for the lowest cost vendors without sacrificing quality and service to the City, our employees and their families. To cite just a couple examples, the City and our employees were recognized in 2010 by CDHC Solution & EmployersWeb.com for "Most Innovative Plan Design" for our Health plan, attachment 5. In 2011, the City in partnership with our local Employers Health Coalition (EHC) created our own prescription benefit program which has been highly successful in keeping Rx cost to a minimum without sacrificing health outcomes of our employees and their families, attachment 6.

Second, it sets a target reserve for fund 9106 that is equal to 75 calendar days or 20% of the annual benefit costs.

Most of this reserve being attributable to the fluctuations in our partially self-funded medical, prescription and dental plans.

Finally, each year as the City prepares for the next budget year the cost sharing percentages will be adjusted to correct for any deviation in the cost sharing trend and to adjust for any deficit or surplus in the reserve balance for fund 9106.

Cost sharing rebalancing will be accomplished in two primary ways. First, an adjustment will be made to the premium contributions so that whichever share, employer or employee, is at a deficit that share will be increased to correct for the deficit in the subsequent year. Concurrently, the plan design of some or all of the benefits in fund 9106 will be adjusted to correct for whichever share, employer or employee, is at a deficit so that share will be increased to correct for the deficit in the subsequent year.

I recommend passage of this resolution.

ATTACHMENT 1

Employee Health and Wellness Fund (9106)
Statement of Revenues, Expenses, and Changes in Net Assets

	5 Year Average	2014	2013	2012	2011	2010
Annual Average Number of Members		932	918	912	909	917
Annual Average Cost to the City Per Member All Benefits	$6,587	$8,089	$7,248	$5,380	$6,099	$6,117
Beginning Balance	$2,659,788	$55,616	$390,415	$3,174,657	$4,356,885	$5,321,369
Revenue						
City Contributions All Benefits	$6,050,486	$7,539,292	$6,653,249	$4,906,624	$5,544,233	$5,609,033
All Employee & Other Member Contributions	$1,823,841	$2,176,755	$1,900,297	$1,610,929	$1,637,441	$1,793,781
City Contribution Percent All Benefits	76.84%	77.60%	77.78%	75.28%	77.20%	75.77%
All Employee & Other Member Contributions Percent	23.16%	22.40%	22.22%	24.72%	22.80%	24.23%
Total Revenue	$7,874,327	$9,716,046	$8,553,546	$6,517,553	$7,181,674	$7,402,814
Total Revenue plus the Beginning balance	$10,534,115	$9,771,662	$8,943,961	$9,692,210	$11,538,559	$12,724,183
Expenditures						
All Benefits for All Members	$8,935,789	$9,763,262	$8,888,344	$9,296,137	$8,363,903	$8,367,299
Ending Balance December 31 Annually	$1,597,175	$8,301	$55,616	$390,415	$3,174,657	$4,356,885

	2009	2008	2007	2006	2005	2004
Annual Average Number of Members	896	877	887	889	858	869
Annual Average Cost to the City Per Member All Benefits	$7,418	$7,573	$7,575	$5,890	$5,302	$4,866
Beginning Balance	$4,608,363	$3,057,730	$1,056,690	$886,461	$980,948	$513,922
Revenue						
City Contributions All Benefits	$6,646,545	$6,641,249	$6,718,999	$5,235,771	$4,548,882	$4,228,871
All Employee & Other Member Contributions	$1,899,338	$2,001,113	$1,952,880	$1,828,820	$1,661,480	$1,647,266
City Contribution Percent All Benefits	77.77%	76.85%	77.48%	74.11%	73.25%	71.97%
All Employee & Other Member Contributions Percent	22.23%	23.15%	22.52%	25.89%	26.75%	28.03%
Total Revenue	$8,545,883	$8,642,362	$8,671,879	$7,064,591	$6,210,362	$5,876,137
Total Revenue plus the Beginning balance	$13,154,246	$11,700,092	$9,728,569	$7,951,052	$7,191,310	$6,390,059
Expenditures						
All Benefits for All Members	$7,623,771	$7,091,729	$6,670,839	$6,894,362	$6,304,849	$5,409,112
Ending Balance December 31 Annually	$5,321,369	$4,608,363	$3,057,730	$1,056,690	$886,461	$980,948

	2003
Annual Average Number of Members	878
Annual Average Cost to the City Per Member All Benefits	$5,259
Beginning Balance	$1,276,411
Revenue	
City Contributions All Benefits	$4,617,254
All Employee & Other Member Contributions	$1,597,547
City Contribution Percent All Benefits	74.29%
All Employee & Other Member Contributions Percent	25.71%
Total Revenue	$6,214,801
Total Revenue plus the Beginning balance	$7,491,212
Expenditures	
All Benefits for All Members	$6,902,857
Ending Balance December 31 Annually	$513,922

ATTACHMENT 2

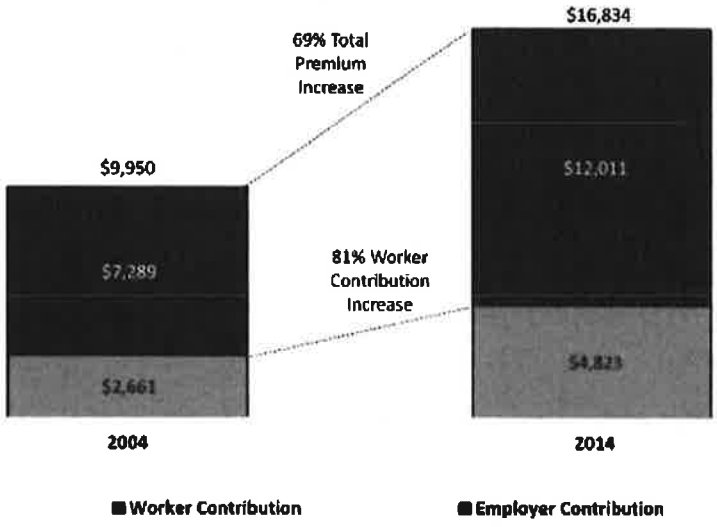
2014 Benchmarking Study – Employer Contribution – Medical Plans

April 6, 2015

Source: The Henry J. Kaiser Family Foundation

The following selected data is presented to compare the City of Fort Smiths medical plan funding allocation between the City and plan participants.

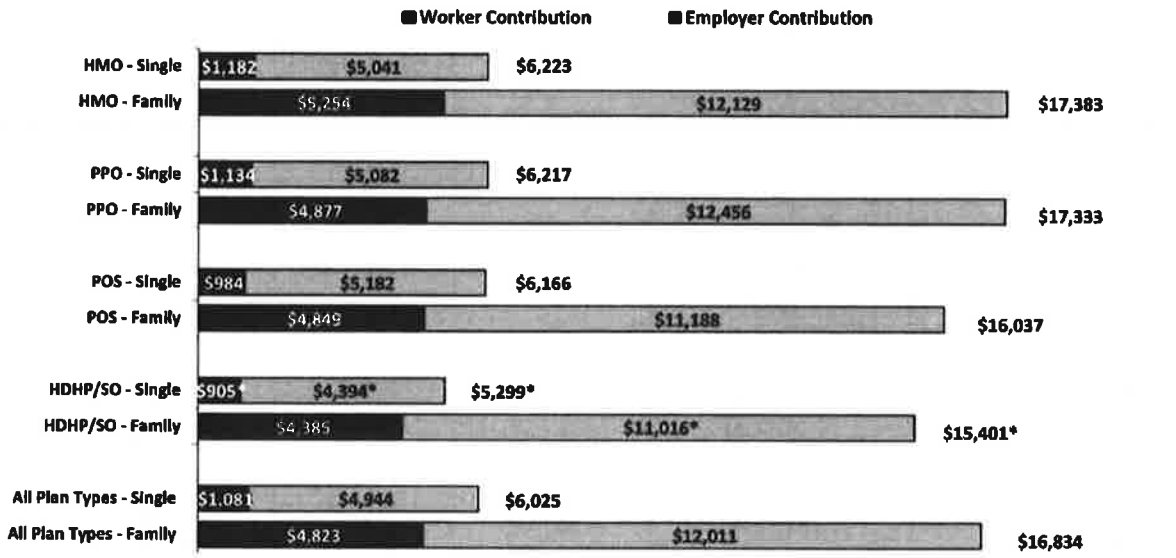
Exhibit A:
Average Annual Health Insurance Premiums and Worker Contributions for Family Coverage, 2004-2014



SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2004-2014.

In 2014, the survey reports that employee contributions equaled 28.65% of total medical plan cost for family coverage.

Exhibit B:
Average Annual Firm and Worker Premium Contributions and Total Premiums for Covered Workers for Single and Family Coverage, by Plan Type, 2014



* Estimate is statistically different from All Plans estimate by coverage type (p<.05).

SOURCE: Kaiser/HRET Survey of Employer-Sponsored Health Benefits, 2014.

For a Point of Service Plan the average employee contribution for single coverage was 16% in 2014, and 30% for family coverage.

For a PPO Plan the average employee contribution for single coverage was 18.2%, and 28% for family coverage.

ATTACHMENT 3

City of Fort Smith
Health, Dental & Vision Premiums For 2015

MEDICAL		1	2	3	4	5
		City Share	Employee Wellness Share	Employee Wellness Share	Employee Share	Total
Coverage Level		Contribution	Nicotine free	Nicotine Positive Surcharge	No Wellness Participation Surcharge	Cost
Employee Only		$418.82 (100%)	$0.00 (0%)	+$80.00 (16%)	+$147.00 (26%)	$418.82
Employee + Children		$533.66 (75%)	$177.88 (25%)	+$80.00 (33%)	+$147.00 (38%)	$711.54
Employee + Spouse		$659.22 (75%)	$219.74 (25%)	+$80.00 - $160.00 (31%-40%)	+$147.00 - $294.00 (38%-44%)	$878.96
Family		$878.96 (75%)	$292.96 (25%)	+$80.00 - $160.00 (30%-37%)	+$147.00 - $294.00 (33%-40%)	$1171.92
DENTAL						
		City Share	Employee Share			Total
Employee Only		$32.74 (100%)	$0.00 (0%)			$32.74
Employee + One		$48.26 (74%)	$17.20 (26%)			$65.46
Family		$66.94 (68%)	$31.24 (32%)			$98.18
VISION						
		City Share	Employee Share			Total
Employee Only		$6.56 (100%)	$0.00 (0%)			$6.56
Employee + One		$8.87 (70%)	$3.88 (30%)			$12.75
Family		$13.06 (70%)	$5.68 (30%)			$18.74

Arthur J. Gallagher & Co.
BUSINESS WITHOUT BARRIERS™

From the desk of Jerry Guy

April 1, 2015

To: Richard Jones – The City of Fort Smith, Arkansas

Re: Historical Paid Clam Comparison to Benchmarking Data – Medical Plan

This report is designed to draw a comparison between the actual paid claim data within the City's partially self-insured medical plan and national benchmarking data. The benchmarking data presented is sorted by (1) business sector, (2) geographic region, (3) and employer size.

The City of Fort Smith has been very proactive in developing and implementing cutting edge strategies to manage its medical plan costs. The "wellness" plan that was implemented several years ago serves as a model for other employers, and today most employers have adopted some elements of the City's "wellness" approach to plan design and administration.

The importance of this proactive medical plan management approach is evident when comparing the City of Fort Smith's results to other government employers. Nationally in 2014, government employers experienced medical paid claims at a level of $1,049 per employee per month while the City of Fort Smith's own results for 2014 was $613. The City of Fort Smith's medical plan paid claim level was only 59% of the national average for government employers.

The City's medical plan is structured from a plan design and funding basis to promote and incentivize good health risk factor management by focusing on the chronic metabolic diseases that represent over 70% of the national health care expenditure each year. These include coronary disease, cancer, diabetes and obesity. The keys to controlling medical plan cost in these areas are prevention, early detection, and aggressive management of chronic disease.

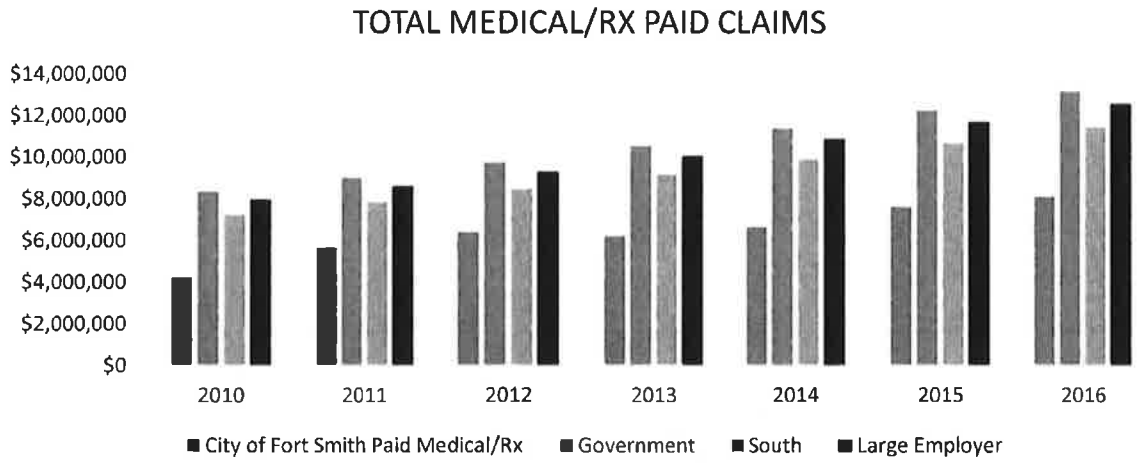
The City's medical plan funding strategy has also had a very positive impact on plan cost. The level of City contribution for employees and covered dependents is strategically set to promote enrollment of "healthy" participants. This is a vital component of intelligent plan management. Plans that transfer excessive financial risk to participants typically cause a disproportionately concentrated enrollment of "high risk" participants, thus driving up plan cost relative to plan revenue.

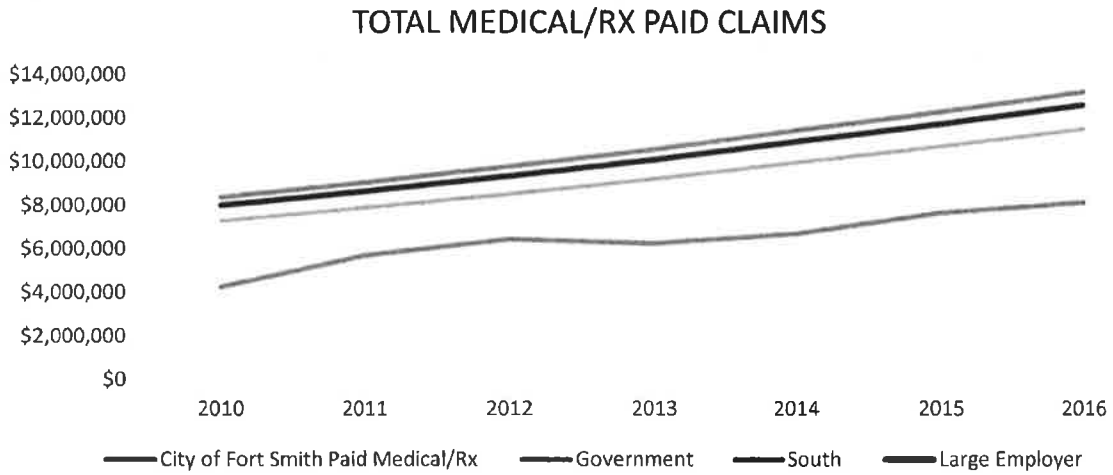
Finally, the results achieved by the City of Fort Smith are noteworthy when taking into account the fact that the reporting period for the data presented includes a period of time when federal mandates were being implemented stemming from The Affordable Care Act. As a result of the ACA, employers now must provide plans without dollar limits annually or for a lifetime for essential medical coverage. There is now an absolute annual out-of-pocket maximum that did not exist prior to the ACA, and there are substantial taxes and fees that employers must now pay.

The following table presents data elements described above. Actual paid medical claim data is presented for Plan Years 2010 through 2014. Medical plan costs are projected for Plan Years 2015 and 2016:

TOTAL MEDICAL/RX PAID CLAIMS				
Plan	City of Fort Smith	Bench Marking Data		
Year	Paid Medical/Rx	Government	South	Large Employer
2010	$4,243,669	$8,354,292	$7,275,506	$7,975,456
2011	$5,681,466	$9,031,667	$7,865,412	$8,622,115
2012	$6,421,372	$9,763,965	$8,503,148	$9,321,205
2013	$6,232,487	$10,555,638	$9,192,592	$10,076,979
2014	$6,669,787	$11,411,500	$9,937,938	$10,894,031
2015	$7,632,245	$12,267,363	$10,683,283	$11,711,084
2016	$8,104,192	$13,187,415	$11,484,529	$12,589,415

PER EMPLOYEE/MONTH MEDICAL/RX PAID CLAIMS				
Plan	City of Fort Smith	Bench Marking Data		
Year	Paid Medical/Rx	Government	South	Large Employer
2010	$395.90	$779.39	$678.75	$744.05
2011	$535.63	$851.48	$741.53	$812.87
2012	$602.89	$916.72	$798.34	$875.15
2013	$580.47	$983.11	$856.16	$938.53
2014	$613.31	$1,049.33	$913.83	$1,001.75
2015	$701.82	$1,128.03	$982.37	$1,076.88
2016	$745.21	$1,212.64	$1,056.05	$1,157.65


TOTAL MEDICAL/RX PAID CLAIMS
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
$2,000,000
$0
2010
2011
2012
2013
2014
2015
2016
City of Fort Smith Paid Medical/Rx
Government
South
Large Employer


TOTAL MEDICAL/RX PAID CLAIMS
$14,000,000
$12,000,000
$10,000,000
$8,000,000
$6,000,000
$4,000,000
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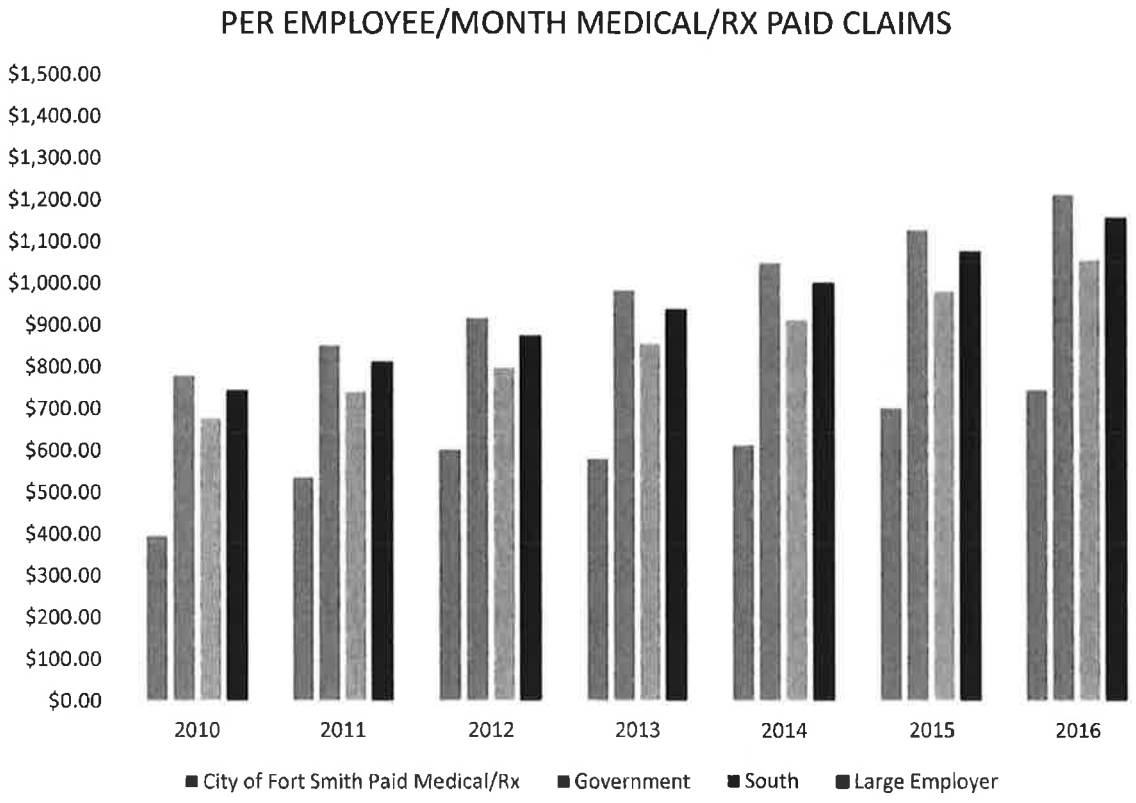
$0
2010
2011
2012
2013
2014
2015
2016
City of Fort Smith Paid Medical/Rx
Government
South
Large Employer


PER EMPLOYEE/MONTH MEDICAL/RX PAID CLAIMS
$1,500.00
$1,400.00
$1,300.00
$1,200.00
$1,100.00
$1,000.00
$900.00
$800.00
$700.00
$600.00
$500.00
$400.00
$300.00
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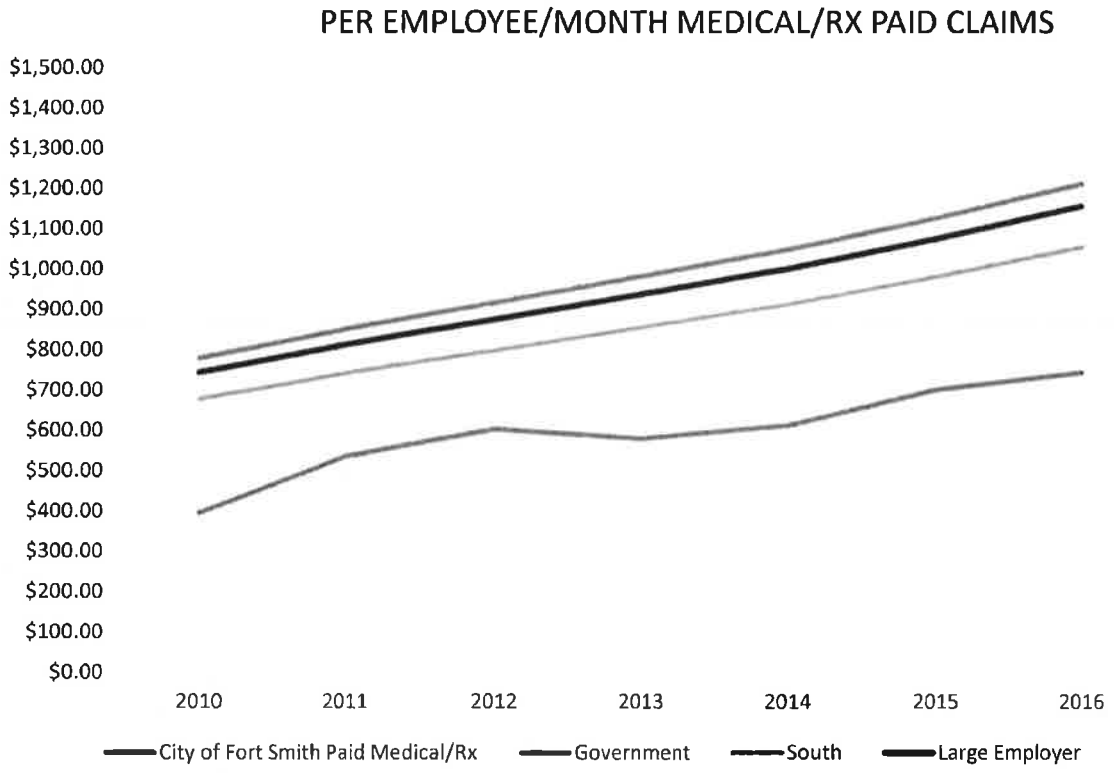
City of Fort Smith Paid Medical/Rx
Government
South
Large Employer



*Based on Meritain and Aetna Book of Business Data
7.5% Medical/Rx Trend for 2015-16 projections
Stop Loss reimbursements projected to increase by 15% for 2015-16
and estimated at 50% of stop loss premium

This analysis is for illustrative purposes only, and is not a guarantee of future expenses, claims costs, managed care savings, etc. There are many variables that can affect future health care costs including utilization patterns, catastrophic claims, changes in plan design, health care trend increases, etc. This analysis does not amend, extend, or alter the coverage provided by the actual insurance policies and contracts. Please see your policy or contact us for specific information or further details in this regard.

ATTACHMENT 5

City of Fort Smith, AR

Richard Jones
HUMAN RESOURCES DIRECTOR

Participation High in Incentive Program

The city of Fort Smith, AR, under the guidance of Human Resources Director Richard Jones, M.A., strongly believes in a proactive approach to health care.

The organization has designed cutting-edge benefit strategies that focus on preventive care and motivating its employees to take an active interest in their health and wellness. City leaders have shown dedication to this objective, creating forward-looking, multiyear strategies to meet their goals. One example is the clinical health risk assessments (CHRA), coupled with disease management and health and wellness programs that the city introduced more than six years ago.

While participation rates in the CHRAs have been high, active participation among at-risk members identified by the CHRAs in the available care management programs was not at a level desired by city leadership. After careful thought and consideration, Jones and the city approached UMR, its third party administrator, with an incentive program built around five key biometric measurements: body mass index (BMI), blood pressure, glucose (diabetes), LDL (cholesterol), and a nicotine test (nonsmoking).

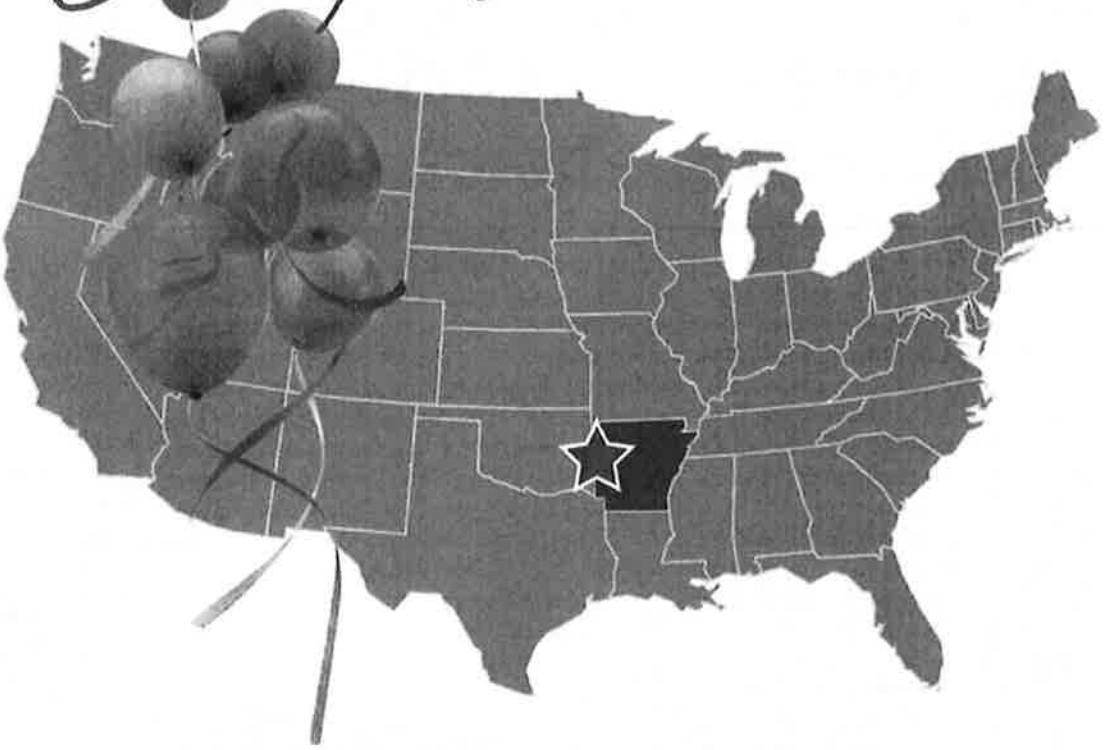
To encourage savvy consumerism and assist members in making a stronger connection between health and wellness, the city also introduced a health reimbursement account (HRA) program in place of a traditional PPO, which included a deductible potentially three times as high as the previous plan design level. The key to the program, however, was the potential for plan members to reduce their financial exposure (deductible) back to the previous level by earning incentive dollars surrounding each of the biometric measurements.

"The buy-in by senior leadership was easy. I explained that the only way you can begin to get your arms around the cost of health care is to change those behaviors that are detrimental to the health of our employees and their families," Jones said. "Initial employee buy-in was accomplished by asking employees in a survey if they would participate in wellness for an incentive or would they prefer to pay more. Approximately 65% said they would participate for some financial incentive."

For the initial program rollout, the health goals weren't set so high as to seem unobtainable. For example, while a body mass index of 25 is considered overweight and 30 considered obese, the BMI goal was set at 32. A dispute process was also put in place whereby members could obtain a letter from their physician requesting a medical exception. Exceptions are also made for people with known, diagnosed disabilities. The program isn't limited to employees, as spouses are required to provide lab work in order for a family to receive any dollars for their HRA. Even if a spouse or employee fails the biometric tests, the other adult member can still earn incentive dollars. If both meet the biometric standards, they have the further motivation of doubling their incentive dollars. Children are exempt and continue to receive full care at the previous lower deductible regardless of how their parents perform in the incentive program. New employees are also allowed to immediately participate in the program by submitting lab results from a physician they may have already visited. ■

Organization: City of Fort Smith, Arkansas
Headquarters: Fort Smith, AR
Website: www.FortSmithAR.gov
No. of employees: 860 with 1,808 enrolled members
Nature of business: The city of Fort Smith provides a full range of municipal services including public safety, construction and maintenance of streets and other infrastructure, parks and recreation facilities, water and sewer services, solid waste collection and disposal, public transportation, and administrative services to more than 80,000 residents and a workforce of more than 150,000 by day.
Key executives:
C. Ray Baker Jr., *mayor*
Dennis Kelly, *city administrator*
Ray Gosack, *deputy city administrator*
Richard Jones, *director of Human Resources*
Kevin Lindsey, *police chief*
Mike Richards, *fire chief*
Key solution providers:
UMR, *medical administration, dental administration, COBRA, utilization management, case management, health and wellness, disease management, stop loss, flexible spending account, health reimbursement account, retiree administration*
Employers Health Coalition, *provider network*
Sparks Health System, *health system*
IMWell Health, *employer clinic*
Catalyst Rx, *prescription benefits manager*

Congratulations...



to the City of Fort Smith, Arkansas – a 2010 CDHC Solutions Superstar – and to Richard Jones, one of the most innovative benefits leaders we know!

It's really no surprise that a progressive municipality like the City of Fort Smith would be creative and dedicated to helping their team members make a strong connection between health and wealth. We're proud to continue partnering with the City of Fort Smith and our other clients in designing relevant and successful programs to encourage health care consumerism.

UMR℠

A UnitedHealthcare Company

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From the publishers of *EmployersWeb.com* and *CDHC Solutions* magazines

solutions

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EMPLOYERS' CHOICE RX

The PBM Built by Employers for Employers

Employers Choice Rx (ECRx) has the expertise to manage complex and confusing pharmacy benefits by utilizing a transparent pass-through model of payment. Coupled with a sophisticated but reasoned formulary methodology, a national network of 66,000 pharmacies, and a Best Value narrow network offering you and your employees lower pricing, ECRx offers todays leading-edge PBM design to your company.

We divide responsibilities, creating an effective checks and balances system to avoid price gouging and confirm program goals are aligned to you, the employer, rather than the drug companies and vendors.

Additionally, our independent non-profit status insulates us from outside special interests and influences, allowing us the flexibility and leverage to meet your needs.

ECRx saves your company and employees money through our value-based benefit plan design:

- USING A FORMULARY MANAGEMENT STRATEGY TO ENSURE PARTICIPANTS RECEIVE THE MOST EFFECTIVE TREATMENT AVAILABLE WHILE LOWERING THEIR CO-PAY AND PLAN COSTS.
- NEGOTIATING PRESCRIPTION DRUG VOLUME DISCOUNTS THROUGH OUR NATIONWIDE NETWORK OF OVER 66,000 PHARMACIES.
- OFFERING OUR BEST VALUE ALIGN NETWORK, A SECONDARY PRESCRIPTION DRUG OPTION WITH EVEN DEEPER NEGOTIATED DISCOUNTS FOR YOU AND YOUR EMPLOYEES.
- PROVIDING DRUG COST VISIBILITY AND ELIMINATING OR REDUCING RETAIL MARKUP WHEREVER POSSIBLE.
- PASS THROUGH OF ALL REBATES
- ACCURATE AND FAST CLAIM ADMINISTRATION.

Join Us

ECRx is a truly transparent PBM, developed by employers for employers. We do what is best for employees while maintaining value for you. Join ECRx today and discover the benefits of a value-based PBM. We measure our success by your bottom line.

OUR HISTORY

A Coalition Formed by Employers for Employers

Manufacturing Executive Association (MEA), a group of Fort Smith, Arkansas manufacturers, faced with double-digit healthcare cost increases, formed a committee to meet with healthcare providers to address the situation.

Out of that committee Employers' Health Coalition was formed. While EHC employers were not healthcare experts, they were experts at evaluating problems and finding solutions. The problem was simple, unprecedented healthcare cost increases. The solution was complex.

What began as the development of a low cost hospital and physician network has grown into a nationally recognized voice for employers advocating value and innovation in healthcare by way of these Key Actions:

- **REPRESENTING EMPLOYERS IN NEGOTIATIONS FOR THE HIGHEST QUALITY HEALTHCARE AT THE LOWEST POSSIBLE COST**
- **PROMOTING TRANSPARENCY IN HEALTHCARE COSTS AND QUALITY**
- **PROVIDING EDUCATIONAL OPPORTUNITIES ACROSS ALL LEVELS OF COALITION MEMBERSHIP**
- **PROVIDING A VEHICLE FOR EMPLOYERS TO EXCHANGE IDEAS & INFORMATION ABOUT HEALTHCARE**

Employers' Health Coalition (EHC), is a one-of-a-kind, value-based, transparent hospital and physician network for Arkansas employers. EHC is a healthcare organization specifically created by employers, for employers.

Today we save our employers millions of dollars annually through strategic provider negotiations coupled with an unyielding demand for value-based, high-quality healthcare. EHC, a non-profit 501(c)(4) organization, continues our mission to establish and promote programs and activities designed to strengthen employer provided healthcare.

In 2010, applying the knowledge, skills and abilities developed in over 20 years of experience, EHC formed the first of its kind, employer developed transparent PBM, Employers' Choice Rx (ECRx). If you would like to know more about our coalition please visit ehcark.org.

EMPLOYERS'
CHOICE Rx

ALIGN

Prescription drug costs are out of control

Prescription drug prices rose at twice the rate of inflation in 2012, and are predicted to increase at a faster rate in the coming years as:

GENERICS REACH SATURATION
MORE SPECIALTY DRUGS BECOME THE NORM
THE NUMBER OF PEOPLE WHO RELY ON MEDICATIONS TO KEEP THEM HEALTHY CONTINUES TO RISE

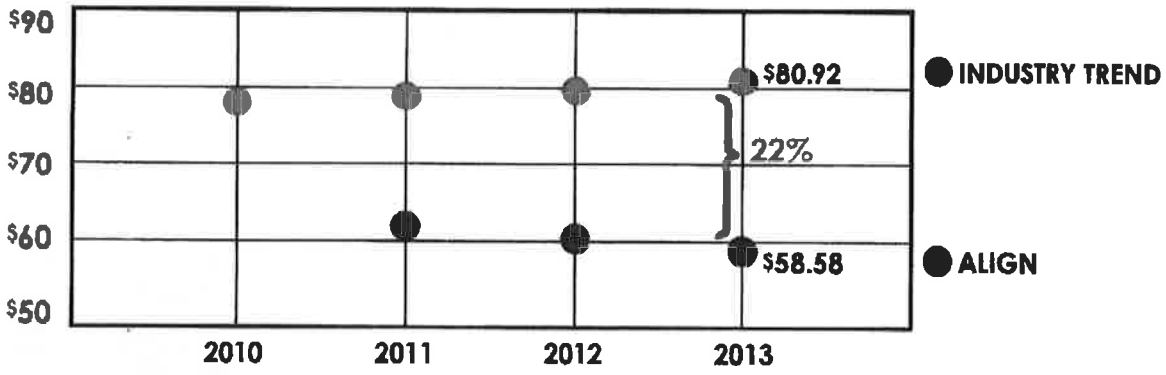
So how can employers manage escalating Pharmacy Benefits Management (PBM) costs, yet satisfy the growing needs of their plan members?

Align by ECRx keeps costs under control

Align gives you unprecedented control over the cost and complexity of pharmacy benefits management — up to $40,000 in savings for every 100 employees.

Align is ECRx's preferred pharmacy network, and it's designed to reduce prescription costs for both employers and members. The Align network of more than 20,000 pharmacies nationwide delivers costs consistently lower than other network models — 20% lower in 2012.

Compared to traditional PBM's, Align significantly lowers your per member/per month cost of presctiption medications.



Source: Industry Trend Report Average, 2013

EMPLOYERS'
CHOICE Rx

The Preferred Network Experts

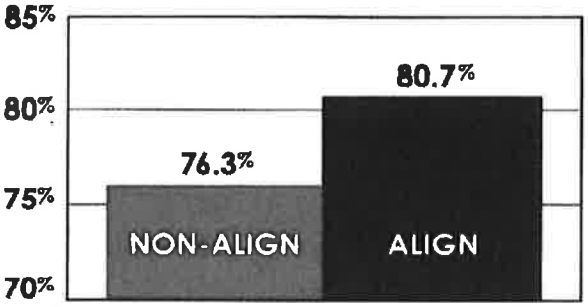
How can you make a significant contribution to the bottom line without sacrifices such as disruptions in benefits or compromised care?

MAKE THE CHANGE TO ALIGN BY ECRx. WE OFFER:

Value

We negotiate the best possible rates with network pharmacies and eliminate excess fees, charges and expenses. If we get a rebate, we pass 100% along to you. Our only source of income is our quoted administrative or clinical fees.

ALIGN SAVES $16 PER PRESCRIPTION, OR $200 FOR EACH MEMBER EVERY YEAR.*



Source: Align Insights Report, 2013. Based on - 100,000 member lives; including Specialty Pharmacy
**Based on 12 prescriptions per year*

Choice

Unlike other network models, Align by ECRx isn't limited, which means members can switch without any restrictions or disruptions. Across the nation, there are more than 65,000 pharmacies, and members have access to each and every one of them. Members don't have to change pharmacies. They can continue using their current pharmacies, or they can choose to save even more with an Align pharmacy.

On average, 1 in 3 Pharmacies is an Align Pharmacy.

If members choose an Align pharmacy, we make it easy to fill prescriptions. With more than 20,000 Align pharmacies across the nation, you'll find one or more within a five-mile radius of where you live or work. Choices include independent, regional and national retailers (including Walmart® and Target.®)

Join Us

ECRx is a truly transparent PBM, developed by employers for employers. We do what is best for employees while maintaining value for you. Join ECRx today and discover the benefits of a value-based PBM. We measure our success by your bottom line.

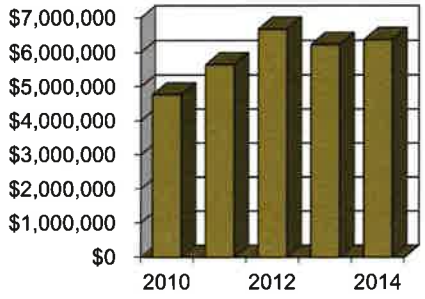
EMPLOYERS' CHOICE Rx

CITY OF FORT SMITH
MEDICAL CLAIMS PAID HISTORY

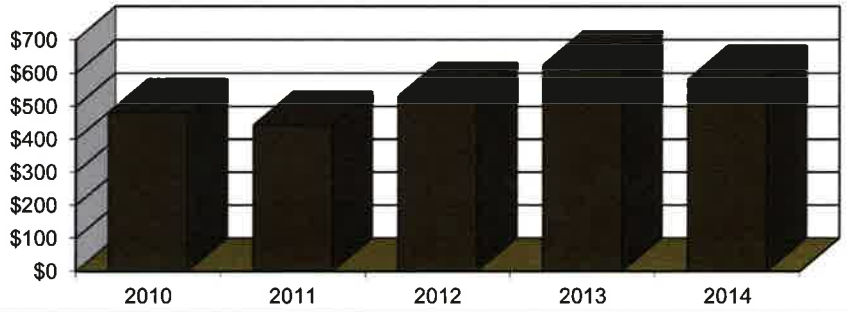
City of Fort Smith

	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	# EEs (2015)
Jan	$6,758	$411,851	$385,695	$611,110	$355,268	$398,122	$391,823	$285,565	$287,659	$501,190	$513,048	$322,441	$17,800	883
Feb	$708,288	$498,680	$107,342	$404,554	$489,864	$432,676	$386,649	$128,736	$345,892	$471,778	$678,599	$442,708	$664,674	881
Mar	$455,121	$506,678	$349,446	$389,879	$489,814	$416,089	$375,987	$314,047	$666,563	$679,334	$592,874	$715,375	$1,056,056	889
Apr	$625,831	$170,297	$387,227	$316,209	$228,893	$431,349	$334,859	$406,872	$447,327	$635,694	$474,208	$454,852	$624,574	882
May	$522,051	$333,742	$500,831	$447,603	$477,323	$325,585	$618,424	$323,480	$332,263	$446,824	$522,258	$873,080	$375,604	893
Jun	$489,800	$294,176	$424,589	$304,956	$340,971	$465,665	$377,418	$515,893	$597,895	$477,654	$484,159	$455,972	$776,943	891
Jul	$443,816	$251,442	$438,737	$462,504	$483,391	$570,620	$341,094	$641,694	$488,582	$752,351	$396,657	$535,964	$0	0
Aug	$337,586	$280,709	$417,623	$860,714	$377,995	$327,204	$239,968	$570,773	$503,029	$548,049	$468,322	$688,667	$0	0
Sep	$623,221	$276,644	$365,354	$656,906	$338,054	$306,549	$692,743	$605,619	$414,813	$492,785	$409,272	$677,678	$0	0
Oct	$351,061	$290,697	$301,649	$406,856	$584,541	$412,095	$352,030	$383,223	$361,256	$604,310	$505,561	$418,002	$0	0
Nov	$407,193	$337,662	$353,293	$350,022	$242,722	$351,527	$512,835	$432,572	$537,804	$533,088	$467,383	$634,100	$0	0
Dec	$396,807	$314,352	$450,861	$1,021,654	$158,968	$489,312	$494,222	$548,100	$681,129	$531,880	$719,681	$805,160	$0	0
Gross Claims	$5,367,532	$3,966,930	$4,482,647	$6,232,968	$4,567,801	$4,926,793	$5,118,052	$5,156,574	$5,664,212	$6,674,937	$6,232,023	$7,023,999	$3,515,651	
Less Stoploss	$275,972	$10,122	$64,564	$947,217	$183,212	$99,526	$8,113	$384,371	$17,262	$0	$0	$655,862	$0	
Net Claims	$5,091,560	$3,956,808	$4,418,082	$5,285,751	$4,384,590	$4,827,266	$5,109,939	$4,772,204	$5,646,951	$6,674,937	$6,232,023	$6,368,137	$3,515,651	
Avg. EEs	878	869	858	889	887	871	884	896	886	890	893	887	887	
Cost per EE/Mo.	$483	$379	$429	$496	$412	$462	$482	$444	$531	$625	$582	$598	$661	
% Diff/Prev Yr.	-	-21.51%	13.13%	15.48%	-16.87%	12.10%	4.26%	-7.87%	19.72%	17.68%	-6.95%	2.82%	10.52%	3.27%

Claims Paid History



Average Monthly Cost Per Employee



ATTACHMENT 3