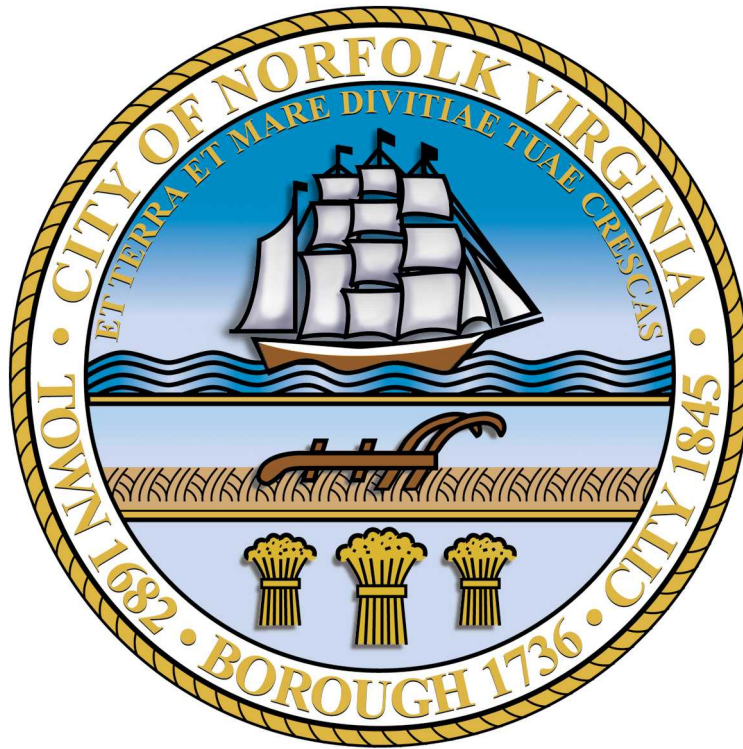

Internal Service Funds



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INTERNAL SERVICE FUND SUMMARY

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Revenues			
Use of Money and Property	481	3,500	3,500
Charges for Services	100,265,894	115,368,867	117,101,494
Recovered Costs	20,306	63,865	63,865
Other Sources and Transfers In	7,105	303,000	303,000
Total Revenues	100,293,786	115,739,232	117,471,859

	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Expenditures			
Personnel Services	3,648,425	4,207,273	4,545,206
Materials, Supplies and Repairs	2,909,003	4,206,409	3,984,947
Contractual Services	92,545,015	107,285,435	108,900,804
Equipment	61,837	40,115	40,902
Total Expenditures	99,164,280	115,739,232	117,471,859

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NORFOLK HEALTHCARE CONSORTIUM

MISSION STATEMENT

The Norfolk Healthcare Consortium provides city-administered health insurance to employees of the Norfolk Consortium, which include: City of Norfolk, Norfolk Public Schools, and Norfolk Redevelopment and Housing Authority.

DEPARTMENT OVERVIEW

The City of Norfolk, Norfolk Public Schools (NPS) and the Norfolk Redevelopment and Housing Authority (NRHA) purchase healthcare services as a consortium. The Adopted FY 2014 Budget created the Norfolk Healthcare Consortium (NHC) to facilitate the transition from fully-insured healthcare to a self-insured model. As a result of the change, the Norfolk Consortium generated approximately \$6.0 million in cost avoidance.

NHC is governed by an Executive Committee comprised of leadership representation from each of the consortium members. In addition, as part of the FY 2021 Budget, NHC established a dedicated team of healthcare professionals. The eight member team is responsible for benefits administration and oversight.

The Healthcare Fund collects employer and employee premiums from the City of Norfolk, NPS, and NRHA. Medical claims, administrative costs, wellness program costs, fees related to the Affordable Care Act, and benefit consultant costs are expended from the Healthcare Fund. End of year fund balance and interest earned is used to stabilize premiums in future years. Any funds deposited into this account can only be used to pay costs associated with employee healthcare and wellness.

It is estimated that collections in the fund in FY 2022 will total \$106,086,057 from employee, employer, and retiree contributions. Deposits into the Healthcare Fund by Consortium members in FY 2022 are estimated as follows:

- City of Norfolk: \$49,148,593
- NPS: \$53,911,474
- NRHA: \$3,025,990

REVENUE SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Charges for Services	\$89,967,158	\$89,318,971	\$104,199,343	\$106,086,057
Total	\$89,967,158	\$89,318,971	\$104,199,343	\$106,086,057

EXPENDITURE SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Personnel Services	\$0	\$147,542	\$550,802	\$872,397
Materials, Supplies, and Repairs	\$0	\$0	\$7,000	\$7,000
Contractual Services	\$94,128,992	\$88,978,090	\$103,641,541	\$105,206,660
Total	\$94,128,992	\$89,125,632	\$104,199,343	\$106,086,057

PROPOSED FY 2022 BUDGET ACTIONS

- **Provide funds for a citywide compensation increase** **FY 2022 \$16,228 FTE: 0**

Provide funds for a compensation increase for city employees. FY 2022 compensation actions include: a three percent salary increase for general, sworn Police and Fire-Rescue employees, and constitutional officer employees; a three percent increase to salary ranges across all pay plans and grades and the corresponding funds to support new minimum salary cost for approved vacant positions; and an increase to the permanent employee living wage adjustment. All actions will be effective July 2021.

- **Adjust expenditures for Norfolk Healthcare Consortium** **FY 2022 \$1,565,119 FTE: 0**

Technical adjustment for healthcare costs in FY 2022 based on enrollment and updated expenditure projections. Benefit plans are offered on a calendar year basis, referred to as "plan year," with revenue and expenditure estimates converted to the fiscal year equivalent. Plan year 2021 medical and pharmacy utilization are projected to increase as beneficiaries begin regular medical office visits in addition to a presumed catch up of elective procedures that were postponed during the pandemic. Enrollment remained steady from 2020 to 2021. Plan year 2022 healthcare premiums are expected to increase by 6.6 percent, equivalent to the baseline inflationary rate for healthcare costs.

- **Adjust required contribution to the city retirement system** **FY 2022 \$84,123 FTE: 0**

Technical adjustment for the annual required contribution to the Norfolk Employees' Retirement System (NERS). Retirement contributions are based on a formula that calculates funds needed to meet present and future retirement payments. The contribution rate for the city will increase from 20.3 percent to 21.2 percent of eligible payroll in FY 2022. Costs are distributed to departments based on each department's NERS eligible payroll.

- **Adjust employer healthcare contribution** **FY 2022 \$3,324 FTE: 0**

Technical adjustment to update employer contribution amounts for healthcare premiums. This adjustment includes changes to employer contribution rates for each medical plan based on January enrollment data. The Norfolk Healthcare Consortium agreed to increase plan year 2022 rates by 6.6 percent, effective December 2021. The city elected not to increase employee contributions for that plan year.

• **Update personnel expenditures**

FY 2022 \$217,920 FTE: 0

Technical adjustment to update department costs for personnel services. Changes include updates to staffing due to administrative actions and the funds needed in FY 2022 for such actions. Adjustments to personnel expenditures reflect an update to the department's budget for positions, based on actual salaries for filled positions and minimum salaries for vacant positions. These are routine actions that occur at the beginning of the budget cycle.

Norfolk Healthcare Consortium

Total: \$1,886,714 FTE: 0

FULL TIME EQUIVALENT (FTE) SUMMARY

	Pay Grade	Minimum	Maximum	FY 2021 Adopted	FTE Change	FY 2022 Proposed
Accountant III	1 13	\$52,020	\$86,041	1	-1	0
City Wellness Coordinator	1 13	\$47,823	\$77,978	1	0	1
Executive Director of Norfolk Healthcare Consortium	1 24	\$94,656	\$162,302	1	0	1
Human Resources Manager	1 17	\$64,260	\$104,872	1	0	1
Human Resources Technician	1 10	\$37,337	\$60,884	4	0	4
Management Analyst III	1 14	\$52,020	\$86,041	0	1	1
Total				8	0	8

FLEET MANAGEMENT

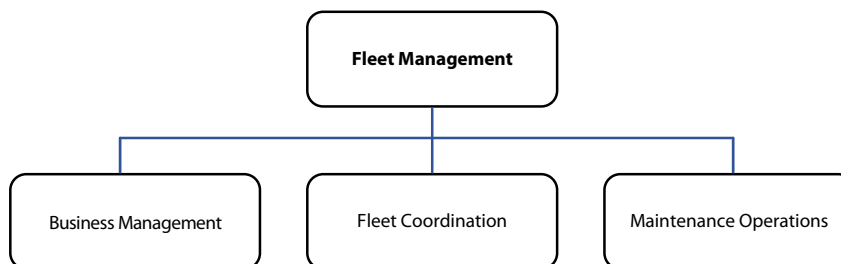
MISSION STATEMENT

The Division of Fleet Management is committed to providing a high-quality and cost-effective comprehensive maintenance and repair program that is focused on exceptional customer service, vehicle/equipment safety and efficient asset management.

DIVISION OVERVIEW

Fleet Management is an internal service organization responsible for managing all city fleet related repair, maintenance, administrative and service functions. The Division embraces innovative fleet solutions and data-driven decision making to continuously improve efficiency, increase asset availability and reduce costs.

Fleet Management is a division within the Department of General Services. Core responsibilities include: vehicle maintenance and repair, fueling, replacement analysis, specification review, acquisition, new vehicle preparation, and disposal.



REVENUE SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Use of Money and Property	\$788	\$481	\$3,500	\$3,500
Charges for Services	\$11,241,592	\$10,946,923	\$11,169,524	\$11,015,437
Recovered Costs	\$47,467	\$20,306	\$63,865	\$63,865
Other Sources and Transfers In	\$4,386	\$7,105	\$303,000	\$303,000
Total	\$11,294,233	\$10,974,815	\$11,539,889	\$11,385,802

Actual amounts represent collections, not appropriation authority.

EXPENDITURE SUMMARY

	FY 2019 Actual	FY 2020 Actual	FY 2021 Adopted	FY 2022 Proposed
Personnel Services	\$3,513,772	\$3,500,883	\$3,656,471	\$3,672,809
Materials, Supplies, and Repairs	\$4,401,686	\$2,909,003	\$4,199,409	\$3,977,947
Contractual Services	\$4,014,073	\$3,566,925	\$3,643,894	\$3,694,144
Equipment	\$20,771	\$61,837	\$40,115	\$40,902
Total	\$11,950,302	\$10,038,648	\$11,539,889	\$11,385,802

PROPOSED FY 2022 BUDGET ACTIONS

- Provide funds for a citywide compensation increase**
FY 2022 \$79,590 FTE: 0

Provide funds for a compensation increase for city employees. FY 2022 compensation actions include: a three percent salary increase for general, sworn Police and Fire-Rescue employees, and constitutional officer employees; a three percent increase to salary ranges across all pay plans and grades and the corresponding funds to support new minimum salary cost for approved vacant positions; and an increase to the permanent employee living wage adjustment. All actions will be effective July 2021.

- Provide funds for contractual increases for vehicle parts**
FY 2022 \$48,000 FTE: 0

Technical adjustment to provide funds for contractual increases in the management fee for the supply of auto parts to maintain the fleet. Total costs will increase by \$48,000 from \$306,000 in FY 2021 to \$354,000 in FY 2022.

- Increase funds for asset management system contract**
FY 2022 \$787 FTE: 0

Technical adjustment to support a contractual increase in fleet management software support. Each year the support agreement increases between three to five percent. Total costs will increase by \$787 from \$24,759 in FY 2021 to \$25,546 in FY 2022.

- Align funds for fuel based on utilization**
FY 2022 (\$219,212) FTE: 0

Technical adjustment to align funds for the cost of fuel based on utilization. Average utilization has decreased citywide due to the pandemic due to closures of facilities and remote working. Prior to the pandemic, the average cost of fuel based on utilization had been approximately \$3,100,000 annually. Fuel utilization is anticipated to continue to be lower than normal during FY 2022.

- Adjust required contribution to the city retirement system**
FY 2022 \$1,585 FTE: 0

Technical adjustment for the annual required contribution to the Norfolk Employees' Retirement System (NERS). Retirement contributions are based on a formula that calculates funds needed to meet present and future retirement payments. The contribution rate for the city will increase from 20.3 percent to 21.2 percent of eligible payroll in FY 2022. Costs are distributed to departments based on each department's NERS eligible payroll.

• **Adjust employer healthcare contribution**

FY 2022 (\$57,227) FTE: 0

Technical adjustment to update employer contribution amounts for healthcare premiums. This adjustment includes changes to employer contribution rates for each medical plan based on January enrollment data. The Norfolk Healthcare Consortium agreed to increase plan year 2022 rates by 6.6 percent, effective December 2021. The city elected not to increase employee contributions for that plan year.

• **Update personnel expenditures**

FY 2022 (\$7,610) FTE: 0

Technical adjustment to update department costs for personnel services. Changes include updates to staffing due to administrative actions and the funds needed in FY 2022 for such actions. Adjustments to personnel expenditures reflect an update to the department's budget for positions, based on actual salaries for filled positions and minimum salaries for vacant positions. These are routine actions that occur at the beginning of the budget cycle.

Fleet Management

Total: (\$154,087) FTE: 0

FULL TIME EQUIVALENT (FTE) SUMMARY

	Pay Grade	Minimum	Maximum	FY 2021 Adopted	FTE Change	FY 2022 Proposed
Administrative Analyst	1 13	\$47,823	\$77,978	2	0	2
Administrative Assistant II	1 10	\$37,337	\$60,884	1	0	1
Administrative Technician	1 07	\$29,391	\$47,962	2	0	2
Assistant Fleet Maintenance Manager	1 15	\$56,314	\$92,075	1	0	1
Autobody Repair Mechanic, Senior	1 09	\$34,445	\$56,161	1	0	1
Automotive Operations Manager	1 13	\$47,823	\$77,978	4	0	4
Automotive Repair Technician	1 10	\$37,337	\$60,884	17	0	17
Automotive Repair Technician, Senior	1 12	\$44,339	\$72,308	17	0	17
Automotive Service Attendant	1 08	\$31,804	\$51,864	3	0	3
Business Manager	1 13	\$47,823	\$77,978	1	0	1
Fleet Coordinator	1 11	\$40,805	\$66,586	1	0	1
Fleet Maintenance Manager	1 19	\$72,930	\$118,606	1	0	1
Operations Manager	1 14	\$52,020	\$86,041	1	0	1
Total				52	0	52