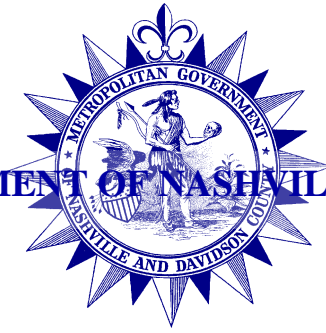


JOHN COOPER
MAYOR



METROPOLITAN GOVERNMENT OF NASHVILLE AND DAVIDSON COUNTY

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To: Study & Formulating Committee

From: Kevin Crumbo, Director of Finance
Kristin Wilson, Chief of Operations & Performance

Subject: Mayor Cooper Administration Requests of Study & Formulating

Date: September 25, 2020

We are grateful for your service to the Metropolitan Government of Nashville & Davidson County. On behalf of our government, you are undertaking one of the most critical tasks relative to our most important asset: our people. Our ability to attract / retain / develop, motivate and recognize a workforce whose skills, training and experience ensure the delivery of services, in some occasions saving lives, is fundamental to the overall success of our municipality by many measures and in the daily experience of residents and visitors in our city.

At the same time, the investments that Metro makes in its employees and retirees must return value characterized by services such as essential public safety and health, neighborhood infrastructure and public amenities, and support for our most vulnerable and for the growth and development of our county's economy and neighborhoods. We recognize the importance of managing our personnel costs – both employee and retiree, and inclusive of salary, benefits, training and other aspects of our value proposition to those who choose to employ with us – to ensure optimized value for our taxpayers.

This need to manage the costs of our employee and retiree benefits has always been important, and there is growing scrutiny of these costs as Metro's financial position remains challenging. As a result, it is as important as ever to ensure sound financial stewardship so that we may provide for our government services and infrastructure and for our employees and retirees, sustainably, in the years to come.

The work of your Study & Formulating Committee is fundamental to our ability to effectively deliver on the mission of our local government. In the coming weeks, we appreciate that you will have many opportunities to explore ideas, suggestions and requests from many corners of our government and our citizens. In doing so, we ask that you consider the following guiding principles:

- We believe that ensuring the overall longevity and sustainability of our provision of competitive benefits, current and post-retirement, are critical to our ability to attract and retain our employees;
- We believe that investing in our employees and retirees generates returns, but also must be balanced by the costs of and financial capacity for doing so, in context of the overall efficiency of costs of services delivered to our residents and visitors;

- We desire a healthy workforce and retiree population that is encouraged to be proactive and educated about their medical and financial health and wellness;
- We want to provide participants with certainty that they will have access to competitive coverage for medical insurance benefits, life insurance benefits and disability benefits;
- Our pension and benefit plans should be competitive and equitable, and should leverage Federal programs as long as participant coverage and Metro finances are not negatively impacted;
- It is important that Metro, our employees and our retirees share in the cost of these benefits so that all are aligned and engaged in the promotion of health and wellness and management of cost; and
- We want to ensure we are producing a safe working environment for all employees that facilitates efficient and effective service delivery.

It is traditional for the Administration to request analyses from the Study & Formulating Committee. As part of your study, we ask that your review include current and best practices of similar peer cities and governments including the State of Tennessee and engages input from our employees and labor representatives. Our requests for analyses are consistent with the values and guiding principles expressed above. These include:

Pension: Review current pension practices versus best practices for similar local governments, including governance, oversight, and investment policies and management and any related recommendations the Committee deems fit.

Medical Care: Seek recommendations on strategies for optimizing healthcare programs to reduce costs for employees and retirees:

- Examine and make recommendations regarding a lower cost employee health plan option that delivers substantive health & wellness benefit for our employees, e.g., preventative care-oriented high-deductible plans as requested in the employee workforce insight assessment survey.
- Examine and make recommendations regarding migrating our retiree health plan options to plans that better maximize the Federal provision of healthcare to those 65 and older, e.g., Medicare advantage plans.
- Review if there could be optional incentives created for spending healthcare dollars as effectively as possible, such as mandatory generic medications and tighter management of out-of-network costs.
- Similarly, provide recommendations on expansion and reinforcement of the availability and use of wellness initiatives by getting employees more engaged in their own health, another concern outlined in the employee workforce insight assessment survey.

Injury on Duty (IOD): Review IOD programs versus best practice to reduce associated costs and identify opportunities for improved outcomes for our employees. These may include IOD policies, provider management and consistency of IOD expenditures with healthcare plans.

Financial Well-Being: Ability to retire and debt were the largest concerns for Metro's workforce in a recent employee survey. Please review best practices and the opportunity to assist our employees with tools to help with adequate savings and budgeting, in the context of the challenges Metro has had with low employee utilization of partner offerings in the past.

It is important to place our request in context of the day, particularly to note that we are highly concerned by the potential for a referendum that would, among other legal and financial concerns, constrain the city's ability to set property taxes and to issue bonds for capital projects. Depending on the path of the issues connected to this referendum, we may return to you with further requests related to it or other matters important to the Administration.

We thank you for the opportunity to present our requests to your Committee. We welcome any questions, suggestions or opportunity to clarify these further.