



Administration Building  
West Hearing Room  
5334 S. Prince St.  
Littleton, CO 80120  
303-795-4630  
Relay Colorado 711  
303-795-4630 Audio Agenda Line

Nancy A. Doty, Chair, District 1  
Nancy Sharpe, District 2  
Rod Bockenfeld, District 3  
Nancy Jackson, Chair Pro-Tem, District 4  
Bill Holen, District 5

## **Study Session**

### **August 16, 2016**

The Arapahoe County Board of County Commissioners typically holds weekly Study Sessions on Monday and Tuesday. Study Sessions (except for Executive Sessions) are open to the public and items for discussion are included on this agenda. Agendas (except for Executive Sessions agendas) are available through the Commissioners' Office or through the County's web site at [www.arapahoegov.com](http://www.arapahoegov.com). Please note that the Board may discuss any topic relevant to County business, whether or not the topic has been specifically noticed on this agenda. In particular, the Board typically schedules time each Monday under "Committee Updates" to discuss a wide range of topics. In addition, the Board may alter the times of the meetings throughout the day, or cancel or reschedule noticed meetings. Questions about this agenda? Contact the Commissioners' Office at 303-795-4630 or by e-mail at [commissioners@arapahoegov.com](mailto:commissioners@arapahoegov.com)

### **Study Session Topics**

#### **10:00 A.M. \*2017 Total Compensation (WHR)**

Discussion and request for direction for 2017 Total Compensation which includes direction for the following benefits: medical plan design/contribution option; dental plan insurance fund reserve utilization; 2017 holiday schedule; addition of a transit benefit; and the addition of BenePlace Discount Program. Compensation information will also be provided for: 2017 base pay adjustments for performance / key talent funding; Human Services Program Specialist pay change; salary structure adjustments; salary structure adjustments for Sheriff Step Program funding and design; and Sheriff Deputy Differential Pay

*Request: Information/Direction*

*Kim Mallore, Benefits Consultant, Human Resources*  
*Julie Weaver, Compensation Consultant, Human Resources*  
*Dusty Sash, Total Compensation Manager, Human Resources*  
*Patrick L. Hernandez, Director, Human Resources*  
*Ron Carl, County Attorney*

Documents:

[BSR - 2017 TOTAL COMPENSATION.DOC](#)  
[2017 TOTAL COMPENSATION BOCC AUG 16 FINAL.PDF](#)

**11:30 A.M. \*Open Spaces/Recreation District Development Referral Comments (WHR)**

Discussion and request for direction from Open Spaces referral comments on Development application cases; park improvements from developers and the Appraisal Method to be used with respect to Land Dedication requirements to determine Cash-in-Lieu fee for parks and open space

*Request: Information/Direction*

*Roger Harvey, Planning Administrator, Open Spaces  
Shannon Carter, Director, Open Spaces and Intergovernmental Relations  
Todd Weaver, Budget Manager, Finance  
Tiffanie Bleau, Senior Assistant County Attorney*

Documents:

[BOCC SS BSR OS DEV REFERRAL COMMENTS SC FINAL 8-2-16.DOC](#)  
[BOCC SS CASH IN LIEU SUPPORTING MATERIAL.PDF](#)

**Break**

**1:00 P.M. \*Arapahoe County Retirement Plan Annual Update (WHR)**  
Discuss the annual update regarding the Arapahoe County Retirement Plan

*Request: Information/Direction*

*Dennis Lyon, Chairman, Arapahoe County Retirement Board  
Arapahoe County Retirement Board Members  
Dan Perkins, Senior Assistant County Attorney*

Documents:

[2016 BSR DRAFT IV \(3\)-SIGNED DLYON.DOC](#)  
[FINAL BOCC STUDY SESSION PRESENTATION.PDF](#)

**2:30 P.M. 2015 CAFR Presentation (WHR)**  
Discuss the Arapahoe County Comprehensive Annual Financial Report (CAFR)

*Request: Information*

*Shawn Sonnkalb, Accounting Manager, Finance  
Janet Kennedy, Director, Finance  
John Christofferson, Deputy County Attorney*

Documents:

[2015 CAFR PRESENTATION BSR - STUDY SESSION.DOC](#)

**\* To Be Recorded As Required By Law**  
WHR - West Hearing Room

*Arapahoe County is committed to making its public meetings accessible to persons with disabilities. Assisted listening devices are available. Ask any staff member and we will provide one for you. If you need special accommodations, contact the Commissioners' Office at 303-795-4630 or Relay Colorado 711.*

*Please contact our office at least 3 days in advance to make arrangements.*





## Board Summary Report

**Date:** August 04, 2016

**To:** Board of County Commissioners

**From:** Patrick L. Hernandez – Human Resources Director  
Dusty Sash – Manager, Total Compensation  
Kim Malloreay – Benefits Consultant  
Julie Weaver – Compensation Consultant

**Subject:** 2017 Total Compensation

### Request for Direction

The purpose of this Study Session is to receive direction for 2017 Total Compensation.

This includes direction for the following benefits: medical plan design/contribution option; dental plan insurance fund reserve utilization; 2017 holiday schedule; addition of a transit benefit; and the addition of BenePlace Discount Program.

It is also to provide compensation information for: 2017 base pay adjustments for performance / key talent funding; Human Services Program Specialist pay change; salary structure adjustments; salary structure adjustments for Sheriff Step Program funding and design; and Sheriff Deputy Differential Pay.

### Background and Information

Human Resources participated in market surveys for compensation and benefit plans and analyzed the available results. Following is a summary of the Total Compensation survey findings:

- Medical Plan currently a higher overall financial value compared to market primarily due to lower employee contributions and the addition of the City and County of Denver to the benchmark data.
- Dental Plan currently has somewhat higher overall financial value compared to market due to lower employee contributions.
- Number of Holiday/Floating days offered competitive with Public and Private Sectors.
- Other Benefit Plans consistent with market.
- Remain Competitive overall with Denver/Boulder external market
- 70% of employees are in positions matched to the MSEC market data
- Overall County Compa Ratio of 1.0021.

The proposals presented in this Board Summary Report reflect the, medical plan options based on the results of the Kaiser renewal and benchmark data, utilization of the dental plan insurance fund reserve, proposed 2017 holiday schedule, short-term disability modification resulting from RFP-16-09, voluntary benefits based on employee request through Speak Up, and proposals for

base pay and salary range structure adjustments comparable to the Denver/Boulder marketplace for government and private sectors.

**Link to Align Arapahoe County**

Service First and the ability to recruit and retain qualified talent.

**Benefit Discussion**

Medical Plan Options & Costs

Options	2017 Total Annual County \$ Increase	2017 Total Annual Empl Cost Increase	2017 Total \$ Increase	2017 Total % Increase
1. Don't Eliminate waiver payment No County contribution strategy changes 3.44% renewal increase	\$724k	\$148k	\$872k	3.89%
2. Eliminate waiver payment No County contribution strategy changes 3.44% renewal increase	\$334k	\$148k	\$482k	2.55%
3. Plan design changes \$10 PPD Employee contribution for DHMO 3.44% renewal increase	\$57k	\$584k	\$641k	3.44%

Considerations:

- Option 1 – The contribution strategy remains the same and the cost increase is distributed to both employee and the County proportionately. This option will have an impact on employees who are opting out of coverage. Due to new ACA rules, employees receiving an opt-out credit must provide proof of other coverage in order to receive the credit. Currently, employees sign an acknowledgement that they have other coverage, but proof is not required. It is estimated that between 5% and 10% of the 250 employees would not provide proof and thus would be added to the DHMO EE only coverage for an estimated addition cost of \$163,000.

Estimated Cost of offering payment in 2017		
Estimated # of EEs who would provide documentation	90%-95%	\$216,000-\$228,000
Estimated # of EEs who would remain in auto elected EE Only DHMO	5%-10%	\$82,000-\$163,000
Cost if offered in 2017		<b>\$310,000-\$379,000</b>

- Option 1A – Reduce payment for 2017 to \$40 per month as a phased approach to eliminating the payment in 2018. It is estimated that between 10% and 15% of the 250 employees would not provide proof (less financial incentive to do so) and thus would be added to the DHMO EE only coverage for an estimated additional cost of \$244,000

Estimated Cost of offering \$40 payment in 2017		
Estimated # of EEs who would provide documentation	85%-90%	\$204,000-\$216,000
Estimated # of EEs who would remain in auto elected EE Only DHMO	10%-15%	\$163,000-\$244,000
Cost if lower incentive offered in 2017		<b>\$367,000-\$460,000</b>

- Option 2 - The contribution strategy remains the same and the cost increase is distributed to both employee and the County proportionately. This option would eliminate the payment for waiving coverage. Due to new ACA rules, employees receiving an opt-out credit must provide proof of other coverage in order to receive the

credit. Employees opting out typically do so because they are covered under a spouse or parent’s plan or don’t use the plan. It is expected that approximately 5% of the 250 employees currently opting-out may come on to the plan as a result of eliminating the credit. With this in mind, the estimated savings to the County to eliminate the opt-out credit is approximately \$159,000 annually.

Estimated Savings for not offering in 2017		
#EE receiving opt-out	250	\$240,000
Estimated # of EEs who would come on Plan if payment not offered	5%	\$81,000
Savings if not offered		<b>(\$159,000)</b>

- Option 3 – With this option, the employee would pay \$10 per pay period for employee only coverage. The bulk of the increase would then shift to the employees therefore reducing the County’s liability.

Informational for 2018

Per Kaiser’s renewal: “**2017 Essential Health Benefits** — The Colorado DOI has designated additional Essential Health Benefits for 2017 and they are pediatric optical hardware, infertility services, bariatric surgery and chiropractic services. These are still optional for large groups in 2017.

Currently the County covers bariatric surgery and chiropractic services. For the other essential health benefits referenced in the above paragraph, it is expected that these benefits will be required for large groups in 2018. Based on the 2017 renewal rate of 3.44% these would cost an additional \$43,000.

Dental Plan Insurance Fund Reserve

The reserve was created from a combination of employee payroll deductions and County contributions.

- Current excess reserve – approximately \$165,000.
- 2016 proposal anticipated extending use of excess reserve through 2017.
- 1.24% projected plan cost increase for 2017 (approximately \$17k).

Propose use of \$100K subsidy with remainder used in 2018 to ease increase to employee premiums. The 2017 increase to employees will be 6.38% (\$1.70 per month for family coverage)

Holiday Pay Design Proposal

We are not proposing any changes to holiday schedule from previous years.

Offer one (1) Floating day and the same holiday schedule the County has traditionally used of eleven (11) holidays (as Christmas falls on Monday in 2017, no half day for Christmas Eve in 2017):. The schedule below is updated for 2017:

- New Years’ Day - Monday, January 2
- Martin Luther King Day – Monday, January 16
- Presidents’ Day – Monday, February 20
- Memorial Day – Monday, May 29
- Independence Day – Tuesday, July 4
- Labor Day – Monday, September 4
- Columbus Day – Monday, October 9
- Veterans’ Day – Friday, November 10
- Thanksgiving Day – Thursday, November 23

- Day after Thanksgiving – Friday, November 24
- Christmas Day – Monday, December 25

Considerations

Holiday schedule for 2017 consistent with private sector and government.

New Benefit Proposals

Transit Flexible Spending Account

In response to a “Speak Up” request for EcoPass

Option 1

- EcoPass – a public transportation pass through RTD
  - Could choose select locations but would have to offer to all employees at that location
  - Could be used for both work and personal use
  - \$182,000 annual cost to offer to all employees (\$120,000 general fund)

Option 2

- Transit Flexible Spending Account
  - Employees set aside pre-tax dollars for use of public transit to get to and from work
  - Contributions can be changed monthly
  - Administered through 24HourFlex
  - Flex Spending Card may be used
  - \$1,500 annual cost (\$2.10ppm) plus one-time setup fee of \$385 (assumes 1,200 employees close to a light rail station and 5% enrollment) - (\$990 general fund)

BenePlace Discount Program

BenePlace is a Voluntary Benefit and Discount website where employees can find insurance for Home and Auto or Pets and discounts on thousands of products such as fitness facilities, travel, cars, Costco memberships, education, electronics, etc.

- \$15,000 annual fee that is waived if a voluntary product is offered such as pet insurance, home and auto, critical care coverage
- Website can be branded for Arapahoe County

Life AD&D & Disability RFP

The County issued a Request for Proposal for Life AD&D & Disability to 81 vendors. Reliance Standard received the highest combined phase I and phase II score and will be awarded the contract to provide Life AD&D & Disability benefits to county employees. Of the ten vendors who replied to the RFP, eight (8) vendors qualified to be evaluated including:

- CIGNA
- Prudential
- Reliance Standard
- ReliaStar Life (VOYA )
- Sun Life Financial
- The Hartford
- The Standard
- Unum

Changes to Plans as a result of this RFP:

- Basic & Supplemental Life Insurance Benefits
  - Adds Critical Illness payment
- Long Term Disability
  - Adds Specific Indemnity Benefit and Extended Disability Benefit

- Premium reductions for Basic Life and LTD (\$94k over three years)
- Short Term Disability
  - Moving from individual policies to group plan
  - Group plan is generally at a lower cost to employees
  - Benefit of 60% of salary paid weekly
  - Employee can no longer continue individual coverage through payroll deduction, however can continue coverage through direct pay

#### Other Benefits – Renewal Information

- No change in benefits and/or administration fees/premiums for:
  - Healthcare Flexible Spending Account Administration
  - Health Reimbursement Account Administration
  - Dependent Care Flexible Spending Account Administration
  - Dental Plan Administration
  - Vision Plan
  - Legal

#### **Compensation Discussion**

According to MSEC, both government and private sector employers have projected merit adjustments of 3% and structure adjustments of 1.6%. MSEC does not report expected funding.

44% of our government peers have reported a proposed average of 2.9% merit budget and a 2.1% adjustment budget but are proposing funding 3.3%. One county is reporting final numbers of funded Merit and Structure at 4%.

#### Base Pay Proposal and Budget for Performance/Key Talent

Human Resources initial proposal is an allocation of 3% merit for base pay increases for all salary grades for Regular and Job Share Employees (except Sheriff Step Program). ***The approximate annual cost increase from all funds is \$3.294M.***

Human Services is requesting an increase plus compression for their Program Specialists in order to attract and retain. ***The approximate annual cost increase from all funds is \$306k.***

#### Salary Range Evaluation and Adjustment Proposals for 'A', 'M' and 'L' (Sheriff Sworn Management) Structures

Human Resources completed an evaluation of market data for range minimums, weighted average and market maximums. Please refer to pages 38 through 44 of the attached presentation for a summary of the analysis.

#### To maintain our market position, Human Resources proposes Structure:

- Increase all salary range minimums and midpoints and maximums by 1.6%, except:
  - A10 increase minimum by 5% (all employees paid above proposed minimum)
  - A01, A08 & A10 no increase to maximum
  - A06 increase maximum by 3%
  - A07 increase maximum by 3.5%
  - M00 move minimum up by 6% (all employees paid above proposed minimum)
  - M00 and M06 no increase to maximum
  - M05 increase maximum by 0.07%

For all structure changes, Human Resources proposes funding to bring employee to new minimum only. **The annual budget for the above proposed structure changes is \$56k.**

To maintain our market position for the 'L' Structure for Sheriff Sworn Management, Human Resource proposes:

- Maintain 5% difference between highest step on Deputy Sheriff with Education and a 1.6% move on remaining "L" Management grades. **The annual budget for the above proposed structure changes is \$141k.** The cost of this has been included in the 3% overall merit budget.

The proposed budget applies to all Regular and Job Share Employees regardless of date of hire except for employees paid under the Sheriff Step Program and employees who are "red circled" (at or above the maximum of their salary range).

Salary Range Evaluation and Adjustment Proposals for Sheriff Step Program Structures and Step Progressions (Discussed in Study Session on July 19, 2016).

Human Resources has a commitment to complete a full evaluation every year, including market base pay and pay differentials. Following is a summary of the 2016 market findings:

- Comparator companies do not differentiate base pay for Non-Certified, Deputy Sheriff without Education Credentials and Deputy Sheriff with Education Credentials.
- Comparator companies have pay differentials not currently offered at Arapahoe County.
- The number of program steps are competitive with the market.

To increase our market position to the 75<sup>th</sup> percentile, Human Resources proposes:

- Structure adjustments (increase in step amounts) of 2.4% (1.81% structure adjustment and .59% to bring to 75<sup>th</sup> percentile of market). **The annual budget for the proposed option is \$1.098M** (\$407k for step progressions and \$691K for market adjustment).
- Add Differential Pay for additional duties performed like SWOT, Canine and Bomb Squad. **The annual budget for the proposed option is \$185k.**

Tier	# EE to Receive	Annual Pay	Bi-weekly Pay
Tier 1	34	\$2,400.06	\$92.31
Tier 2	66	\$1,200.16	\$46.16
Tier 3	40	\$600.60	\$23.10

### Options and Cost Increases

Human Resources has prepared the models addressing Total Compensation for 2017.

		Benefit Option 1	Benefit Option 2	Benefit Option 3
		<ul style="list-style-type: none"> <li>Medical Plan - No change in design; 3.44% increase \$493,000</li> <li>Continue Opt-out payment and Auto-Enroll in DHMO EE Only if Proof of Enrollment not provided \$310,000-\$379,000</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	<ul style="list-style-type: none"> <li>Medical Plan - No change in design; 3.44% increase \$493,000</li> <li>Eliminate Opt-out Payment for waiving Medical (\$159,000)</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	<ul style="list-style-type: none"> <li>Medical Plan - EE Only DHMO cost at \$10PPD; 3.44% increase \$292,000</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>
		<b>\$889,000</b>	<b>\$351,400</b>	<b>\$74,400</b>
		\$586,740	\$231,924	\$49,104
<b>Compensation Option 1</b>	<ul style="list-style-type: none"> <li>3% Merit Pay (excludes Sheriff Deputy Step Program) \$3,294,000</li> <li>Human Services Hiring Minimum for Program Spec. \$306,000</li> <li>1.6% Structure / Salary Ranges - bring to range minimum \$56,000</li> <li>Sheriff Deputy Step Structure and Step Progression adjustments \$1,097,400</li> <li>Sheriff Deputy Differential Pay \$184,800</li> </ul>			
		<b>\$4,938,200</b>	<b>\$5,827,200</b>	<b>\$5,289,600</b>
		\$3,381,828	\$3,968,568	\$3,613,752
				<b>\$5,012,600</b>
				\$3,430,932

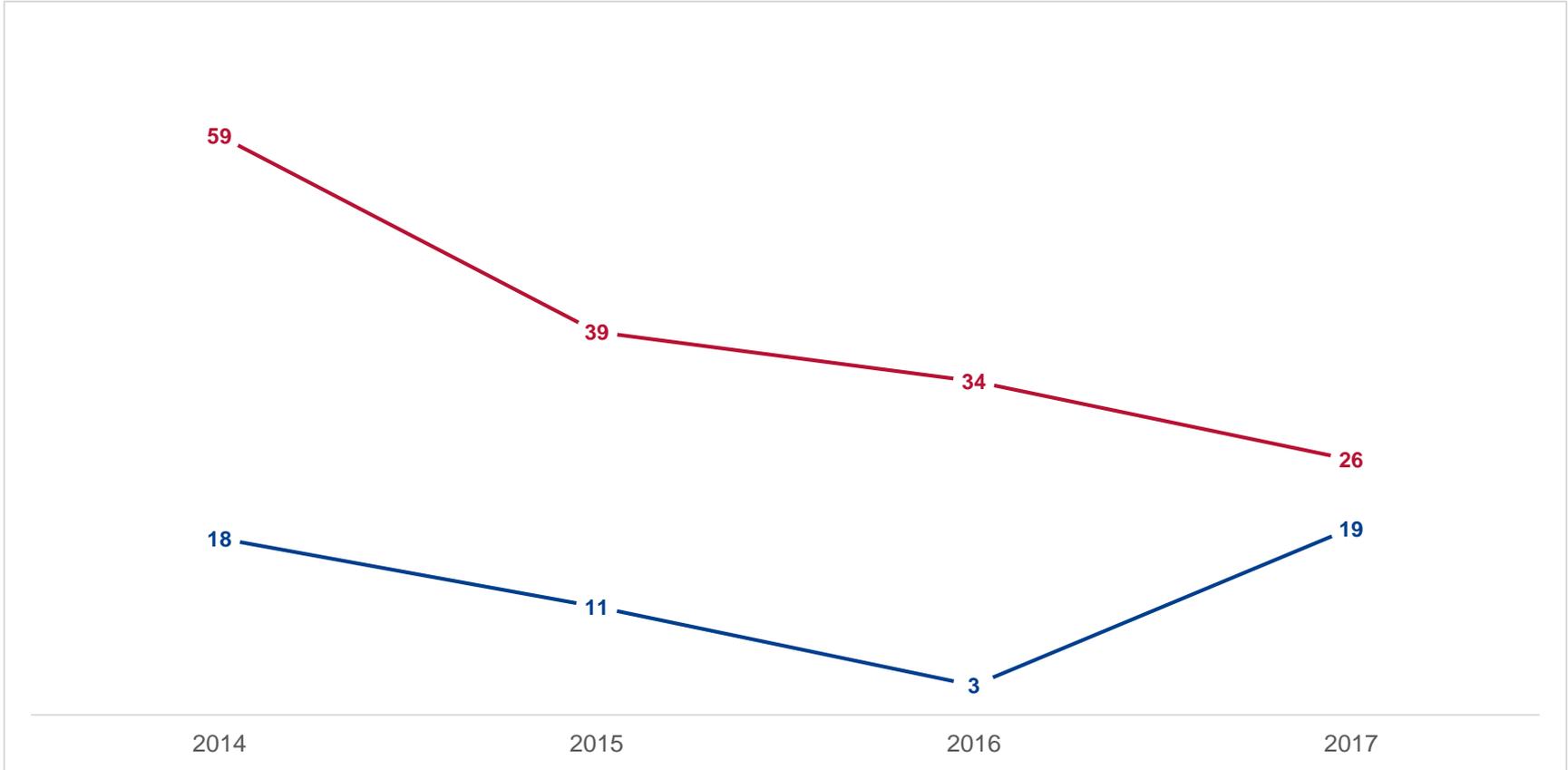
**Action/Direction**

Human Resources appreciates that we are reviewing a substantial amount of information and that all final decisions may depend upon information from the County budget process. In order to meet benefit open enrollment deadlines it is desired that direction be given during the August 16, 2016 Study Session for the 2017 medical plan option; dental plan reserve utilization; 2017 holiday schedule; addition of the transit benefit; and the addition of the BenePlace Discount Program.

**Reviewed By**

Finance Department  
County Attorney's Office

# Presentation Slide Trend Year Over Year



Year	Presentation	Appendix	Total
2014	59	18	77
2015	39	11	50
2016	34	3	37
2017	26	19	45

# Arapahoe County 2017 Total Compensation

*Study Session: Board of County  
Commissioners  
August 16, 2016*

# Agenda

- Market Surveys
- 2017 Total Compensation Option and Cost Increase Summary
- Benefit Plan Proposals
  - Medical Plan Options
  - Dental Insurance Fund Reserve
  - Holiday Schedule
  - Other Benefits - New Plan Options
  - Life & Disability Insurance RFP and Plan Changes
  - Other Benefits – Renewal Information
- Compensation Plan Proposals
  - Base Pay Proposal and Budget
  - Human Services Hire Rate for Program Specialists
  - Salary Grade Structure Proposal and Budget
  - Sheriff Step Program Structure, Pay Differentials and Budget
- Appendix

# Market Surveys

## *Key Findings*

- Benefits
  - Medical Plan currently has a higher overall financial value compared to market primarily due to lower employee contributions and the addition of the City and County of Denver to the benchmark
  - Dental Plan currently has somewhat higher overall financial value compared to market due to lower employee contributions
  - Number of Holiday/Floating days offered competitive with Public and Private Sectors
  - Other Benefit Plans consistent with market
- Compensation
  - Remain Competitive overall with Denver/Boulder external market
  - 70% of employees are in positions matched to the MSEC market data



# Benefit Plan Market Surveys

## Medical Plan Market Value

	Lockton Benchmark <sup>1</sup>	Arapahoe County <sup>2</sup>		Lockton Benchmark <sup>1</sup>	Arapahoe County <sup>2</sup>
	Public Sector HMO	DHMO + HRA	HMO	Public Sector PPO	Triple Option
Average Individual/Family Deductible	\$360/\$870	\$2,000/\$4,000	\$0/\$0	\$1,200/\$2,600	\$800/\$1,600
HRA Contributions Individual/Family <sup>3</sup>		\$1,000/\$2,000			
Average PCP Office Visit Copay	\$30	\$30	\$30	\$20	\$40
Average Specialist Office Visit Copay	\$35	\$50	\$45	\$30	\$55
Average Individual/Family OOP Maximum (does not include deductible)	\$4,000/\$8,000	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000	\$4,000/\$8,000
Employee Coinsurance In-Network	8% IN	20% IN	20% IN	14% IN	20% IN
Avg. Single Monthly Contribution	\$224.65	\$0.00	\$108.10	\$76.31	\$411.16
Avg. Family Monthly Contribution (Blended)	\$442.80	\$241.77	\$462.76	\$418.71	\$993.89
Overall Value Versus Public Sector		15.90%	7.00%		-60.30%
Enrollment		702	965		8

1. 2016 Lockton City, County and State clients (34 clients)
2. Arapahoe County 2017 plans and contributions
3. Some of the Lockton Benchmark could offer either an HRA or an HSA which is not reflected

# Compensation Market Surveys

## *Salary Budget Projections*

- Salary Budget survey data

Pay Component	MSEC Denver / Boulder Public	MSEC Denver / Boulder Blend	World at Work Denver	Gov't Peers*
Merit Pay/Key Talent	3.0%	3.0%	3.1%	2.9%
Structure Adjustment (Salary Range)	1.6%	1.6%	2.1%	2.1%
Total Salary Budget	Unknown	Unknown	3.1%	3.3%

\*County and City (44% of peers responding and only 1 reported as a final decision)

# Compensation Market Surveys

## County Compa Ratio

Department/Office	2013	2014	2015	2016
Assessor	1.0089	1.0340	1.0339	1.0696
Attorney	0.9999	0.9925	1.0434	1.0042
BOCC	1.0402	1.0479	0.9931	1.0030
Clerk & Recorder	1.0086	0.9983	1.0020	0.9836
Communication Services	1.0638	1.0404	1.0846	1.0910
Community Resources	0.9558	0.9771	0.9946	0.9964
Coroner	1.0963	1.0588	1.1004	1.0872
Facilities & Fleet Mgmt	1.0017	1.0194	1.0012	1.0167
Finance	1.0091	0.9778	0.9881	1.0209
Human Resources	0.9719	0.9757	0.9851	1.0039
Human Services	0.9530	0.9736	0.9794	0.9754
Information Technology	1.0119	1.0165	1.0191	1.0629
Open Spaces	0.9610	0.9385	0.9390	0.9031
Public Works and Dev	1.0009	0.9964	1.0083	1.0339
Sheriff	0.9735	0.9753	0.9777	1.0037
Strategic Programs			0.9377	0.9569
Treasurer	0.9738	1.0266	1.0492	1.0518
<b>Overall County</b>	<b>0.9768</b>	<b>0.9854</b>	<b>0.9899</b>	<b>1.0021</b>

\*Current salary divided by Market Weighted Average if available, otherwise divided by range midpoint

# 2017 Total Compensation

## Options and County Cost Increase Matrix

		Benefit Option 1	Benefit Option 2	Benefit Option 3	
		<ul style="list-style-type: none"> <li>Medical Plan - No change in design; 3.44% increase \$493,000</li> <li>Continue Opt-out payment and Auto-Enroll in DHMO EE Only if Proof of Enrollment not provided \$310,000-\$379,000</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	<ul style="list-style-type: none"> <li>Medical Plan - No change in design; 3.44% increase \$493,000</li> <li>Eliminate Opt-out Payment for waiving Medical <b>(\$159,000)</b></li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	<ul style="list-style-type: none"> <li>Medical Plan - EE Only DHMO cost at \$10PPD; 3.44% increase \$292,000</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	
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		\$586,740	\$231,924	\$49,104	
<b>Compensation Option 1</b>	<ul style="list-style-type: none"> <li>3% Merit Pay (excludes Sheriff Deputy Step Program) \$3,294,000</li> <li>Human Services Hiring Minimum for Program Spec. \$306,000</li> <li>1.6% Structure / Salary Ranges - bring to range minimum \$56,000</li> <li>Sheriff Deputy Step Structure and Step Progression adjustments \$1,097,400</li> <li>Sheriff Deputy Differential Pay \$184,800</li> </ul>				
		<b>\$4,938,200</b>	<b>\$5,827,200</b>	<b>\$5,289,600</b>	<b>\$5,012,600</b>
		\$3,381,828	\$3,968,568	\$3,613,752	\$3,430,932

# Benefit Proposal

## Medical Plan – Options & Costs

Options	2017 Total Annual County \$ Increase	2017 Total Annual Empl Cost Increase	2017 Total \$ Increase	2017 Total % Increase
1. Don't Eliminate waiver payment No County contribution strategy changes 3.44% renewal increase	\$724k	\$148k	\$872k	3.89%
2. Eliminate waiver payment No County contribution strategy changes 3.44% renewal increase	\$334k	\$148k	\$482k	2.55%
3. Plan design changes \$10 PPD Employee contribution for DHMO 3.44% renewal increase	\$57k	\$584k	\$641k	3.44%

2018 legally required Essential Benefits (optional in 2017) include:

- Infertility benefits covered at 50%
- Optical hardware - \$50 covered per year for adults; 80% coverage for pediatric
- \$43,000 approximate annual increase (based on 2017 renewal rate)

# Benefit Proposal

## *2018 Medical Plan – Eliminate Waive Coverage Payment*

- Background
  - ACA regulations changing in 2017 so that **IF** an Employer offers payment for waiving, they must collect proof of other coverage
  - This payment must now be added into the overtime calculation
  - Less than 1% of employers offer this (our peers do not)
  - Inviting employees onto the plan who have previously waived lowers the actuarial risk to Plan claims thus potentially reduces cost
- Propose we eliminate the Waive payment in 2018
- Suggest looking into a phased approach such as:
  - Phase it out by reducing 2017 payment in half to \$40/month?
  - Freeze 'plan' so 2017 new hires do not receive payment?
  - Rollout of a communication plan to notify that payment is going away? (Open Enrollment is October of 2016)
  - Eliminate payment entirely in the 2018 Plan year?



# Benefit Proposal

## 2018 Medical Plan – Eliminate Waive Coverage Payment

Estimated Savings for not offering in 2017		
#EE receiving opt-out	250	\$240,000
Estimated # of EEs who would come on Plan if payment not offered	5%	\$81,000
Savings if not offered		<b>(\$159,000)</b>
Estimated Cost of offering \$80 payment in 2017		
Estimated # of EEs who would provide documentation	90%-95%	\$216,000-\$228,000
Estimated # of EEs who would remain in auto elected EE Only DHMO	5%-10%	\$82,000-\$163,000
Cost if offered in 2017		<b>\$310,000-\$379,000</b>
Estimated Cost of offering \$40 payment in 2017		
Estimated # of EEs who would provide documentation	85%-90%	\$204,000-\$216,000
Estimated # of EEs who would remain in auto elected EE Only DHMO	10%-15%	\$163,000-\$244,000
Cost if lower incentive offered in 2017		<b>\$367,000-\$460,000</b>

- ***Direction requested on Elimination of payment for waive***

# Benefit Proposal

## *Dental Plan Fund Reserve*

- 1.24% projected claims cost increase for 2017 (approximately \$17,400)
- Dental Plan Insurance Fund Reserve status:
  - Reserve created from combination of employee payroll deductions and County contributions
  - Current reserve excess - \$165,000
    - Propose use of \$100,000 and use remainder in 2018 to ease increase to employee premiums
      - 2017 Increase to the employee of 6.38% (\$1.70 per month for family coverage)
- ***Direction requested for use of \$100,000 in reserve***

# Benefit Proposal

## *Holiday Schedule*

- Proposed schedule for 2017 (same as prior years):
  - New Years Day – Monday January 2
  - Martin Luther King Day – Monday, January 16
  - Presidents' Day – Monday, February 20
  - Memorial Day – Monday, May 29
  - Independence Day – Tuesday, July 4
  - Labor Day – Monday, September 4
  - Columbus Day – Monday, October 9
  - Veterans' Day – Friday, November 10
  - Thanksgiving Day – Thursday, November 23
  - Day after Thanksgiving – Friday, November 24
  - Christmas Day – Monday, December 25
- ***Direction requested for the 2017 Holiday schedule***

# Benefit Proposal

## *New -Transit Flexible Spending Account*

- In response to a “Speak Up” request for EcoPass we considered:
  - EcoPass – a public transportation pass through RTD
    - Requirements: If provided to any one employee through County funds must be provided to all employees
    - Once provided employees can utilize for personal use
    - ***\$182,000 annual cost (\$120,000 general fund)***
  - Transit Flexible Spending Account
    - Transit Flexible Spending Account allows employees to set aside pre-tax dollars for use of public transit to get to and from work
    - Employees may change contribution elections monthly
    - Would be administered through 24HourFlex
    - Flex Spending Card may be used to pay for transportation
    - ***\$1,500 annual cost (\$2.10pppm) plus one-time setup fee of \$385*** (assumes 1,200 employees close to a light rail station and 5% enrollment) ***(\$990 general fund)***
- ***Direction requested for Transit Benefit offering***

# Benefit Proposal

## *New – BenePlace Discount Program*

- BenePlace is a Voluntary Benefit and Discount website where employees can find insurance for Home and Auto or Pets and discounts on thousands of products such as **fitness facilities**, travel, cars, Costco memberships, education, electronics, etc.
  - \$15,000 annual fee that is waived if a voluntary product is offered such as pet insurance, home and auto, critical care coverage
  - Website can be branded for Arapahoe County
- ***Direction requested for BenePlace benefit and discount offering***

# Benefit Information

## *Life & Disability Insurance RFP*

- The County issued a Request for Proposal for Life and Disability Insurance to 81 vendors. There were 8 responses that were evaluated:
  - Reliance Standard
  - The Hartford
  - The Standard
  - Prudential
  - CIGNA
  - Voya
  - UNUM
  - Sun Life
- **Reliance Standard** received the highest score, resulting in a change from UNUM
- Review committee members
  - Dusty Sash, Manager of Total Compensation
  - Kim Malloreay, Benefits Consultant
  - Todd Weaver, Budget Manager
  - Jon Takayama, HR Manager – Sheriff's Office
  - Jay Calderon, Lockton

# Benefit Information

## *Life & Disability RFP – Benefits Offered*

- Changes to Basic or Supplemental Life Insurance benefits
  - Adds Critical Illness payment
- Long Term Disability
  - Adds Specific Indemnity Benefit and Extended Disability Benefit
- Premium reductions for Basic Life and LTD (**\$94k over three years**)
- Short Term Disability
  - Moving from individual policies to a group plan
  - Voluntary group Short Term Disability, generally at lower employee cost
  - Benefit of 60% of salary paid weekly
  - Employee can no longer continue individual coverage through payroll deduction, however can continue coverage through direct pay

# Benefit Information

## *Other Benefits – Renewal Information*

- No change in benefits and/or administration fees/premiums for:
  - Healthcare Flexible Spending Account Administration
  - Health Reimbursement Account Administration
  - Dependent Care Flexible Spending Account Administration
  - Dental Plan Administration
  - Vision Plan
  - Legal

# Compensation Proposal

## *Base Pay & Budget*

- Propose 3% budget for merit (performance and key talent)
- Applies to all salary grades for Regular and Job Share Employees (except Sheriff Step Program)
- Eligibility
  - Employees hired prior to December 19, 2015
  - Solid performer or above
- “Red circle” employees:
  - Base pay adjustment up to maximum of the salary range
  - Quarterly payment (not added to base) for employees currently at or above salary range maximum or who will reach the maximum as a result of their performance or key talent adjustment
- ***\$3,294,000 annual cost (\$2,174,000 general fund)***

# Compensation Proposal

## *Human Services – Program Specialist*

- The Program Specialist Role within Human Services is paid lower than market
  - Creating attracting and retention difficulties
- Propose moving to a entry level hiring rate of \$36,099 from \$33,665
- Apply compression for Program Specialist's and their direct supervisors only
- Effective date of 12/31/2016 for the first paycheck of 2017 along with merit
- ***\$306,000 annual cost (\$61,000 general fund)***

# Compensation Proposal

## *Structure Adjustment & Budget*

- General increase 'A', 'H' and 'M' salary grade minimum, midpoint and maximum by 1.6% for:
  - 'A' – Labor/Clerical/Technical/Professional
  - 'H' - Forensic Pathologist
  - 'M' – Supervisory/Managerial
  - Employees in an hourly pay structure (Part-Time, Temporary, Temporary Grant Funded)
- Higher or lower than 1.6% based on 2016 market (slide 19)
- Bring all employees classified as Regular and Job Share to minimum of proposed salary grade, regardless of date of hire
- **1.6% - \$56,000 annual cost (\$37,000 general fund)**

# Compensation Proposal

## *Salary Grade Structure Exceptions*

- Propose to bring all salary range minimums, midpoints and maximums up by 1.6% except:
  - A10 increase minimum by 5% (all employees paid above proposed minimum)
  - A01, A08 & A10 no increase to maximum
  - A06 increase maximum by 3%
  - A07 increase maximum by 3.5%
  - M00 move minimum up by 6% (all employees paid above proposed minimum)
  - M00 and M06 no increase to maximum
  - M05 increase maximum by 0.07%

# Compensation Proposal

## *'L' Sworn Management Salary Grade Structure*

- Structure designed to maintain differentiation between positions (e.g., pay difference between maximum for Deputy Sheriff with education and minimum for Sergeant)
- Market results:
  - Arapahoe County average pay for Sergeants and Lieutenants is 3.36% lower than market
  - Range minimums are higher than market
  - Range maximums are lower than market
- Increase all salary range minimums, midpoints and maximums
- ***No structure funding requested***

# Compensation Proposal

## *Sheriff Step Program & Budget*

- Adjust step structure for Non-Certified and Deputy Sheriff's and move employees to the new structure effective January 1
- ***\$856,000 annual cost (\$777,000 general fund)***
- Step progressions based on new structure
- ***\$407,000 annual cost (\$360,000 general fund)***
- Add differential pay structure that rewards duties above and beyond the essential job duties of a deputy such as SWAT, Bomb Squad and Canine Unit.
  - This pay will only apply to those assigned these additional duties
  - Three tier structure

Tier	# EE to Receive	Annual Pay	Bi-weekly Pay
Tier 1	34	\$2,400.06	\$92.31
Tier 2	66	\$1,200.16	\$46.16
Tier 3	40	\$600.60	\$23.10

- ***\$185,000 annual cost (\$163,000 general fund)***

# Direction Requested

## *Summary*

- Dental Reserve Split – direction requested on slide 10
- Holiday Schedule – direction requested on slide 11
- Transit Benefit Addition – direction requested on slide 12
- BenePlace Discount Program Addition - direction requested on slide 13
- 2017 Medical Plan Option - discussion on slide 8
- 2017 Total Compensation budget – discussion on slide 8

# 2017 Total Compensation

## Option and Cost Increase Summary - Recap

		Benefit Option 1	Benefit Option 2	Benefit Option 3
		<ul style="list-style-type: none"> <li>Medical Plan - No change in design; 3.44% increase \$493,000</li> <li>Continue Opt-out payment and Auto-Enroll in DHMO EE Only if Proof of Enrollment not provided \$310,000-\$379,000</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	<ul style="list-style-type: none"> <li>Medical Plan - No change in design; 3.44% increase \$493,000</li> <li>Eliminate Opt-out Payment for waiving Medical <b>(\$159,000)</b></li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>	<ul style="list-style-type: none"> <li>Medical Plan - EE Only DHMO cost at \$10PPD; 3.44% increase \$292,000</li> <li>Dental Plan - 1.24% increase \$17,400</li> </ul>
		<b>\$889,000</b>	<b>\$351,400</b>	<b>\$74,400</b>
		\$586,740	\$231,924	\$49,104
<b>Compensation Option 1</b>	<ul style="list-style-type: none"> <li>3% Merit Pay (excludes Sheriff Deputy Step Program) \$3,294,000</li> <li>Human Services Hiring Minimum for Program Spec. \$306,000</li> <li>1.6% Structure / Salary Ranges - bring to range minimum \$56,000</li> <li>Sheriff Deputy Step Structure and Step Progression adjustments \$1,097,400</li> <li>Sheriff Deputy Differential Pay \$184,800</li> </ul>			
		<b>\$4,938,200</b>	<b>\$5,827,200</b>	<b>\$5,012,600</b>
		\$3,381,828	\$3,968,568	\$3,430,932

# Timeline

- July 27 Elected Officials, Deputies and Department Director proposal review
- August 2 Meet with Executive Budget Committee to review options/models
- August 16 Study Session to review Total Compensation proposal and direction on proposals
- September 7-9 Executive Budget Committee review of 2017 budget requests from Elected Offices & Depts.
- October 10-26 Benefit Plan Open Enrollment
- October 11 Official submission of 2017 recommended budget to the BOCC
- December 2 Supervisors complete writing of employee Performance Evaluations
- Dec. 5-9 Directors / Elected Officials conduct calibration meetings if needed
- December 8 Adoption of Budget at Public Hearing
- December 12 Compensation sends worksheets to DD/EOs to enter pay adjustments
- December 15 Directors / Elected Officials send spreadsheets with performance ratings to HRBP's
- Dec. 16 – Jan 2 Supervisors deliver performance reviews
- January 2 Worksheets with pay adjustments due to Human Resources
- January 16 Pay increase / quarterly payment amount reflected on paycheck

# Appendix

## *Supplemental Information*



# Benefit Proposal

## Medical Plan – Option 2 Cost Detail

- No change to current design or contribution strategy

### Arapahoe County 2017 Renewal

Plan Choice **Renewal 1**

Dependent Subsidy

**65%**

	2016 - Current					2017 Lives	2017 - Renewal					Employee Impact		
	2016 Lives	Current Premium	HRA	EE Contributions	EE %		ER Contributions	Renewal Premium	HRA	EE Contributions	EE %	Contributions	Monthly	Annual
<b>HMO</b>														
EE	459	\$628.77		\$104.30	17%	\$524.47	459	\$650.38		\$108.18	17%	\$542.20	\$3.88	\$46.56
EE + Spouse	129	\$1,339.29		\$430.30	32%	\$908.99	129	\$1,385.32		\$445.57	32%	\$939.75	\$15.26	\$183.18
EE + Child(ren)	195	\$1,037.48		\$289.52	28%	\$747.96	195	\$1,073.13		\$299.95	28%	\$773.18	\$10.42	\$125.08
Family	182	\$1,747.99		\$620.93	36%	\$1,127.06	182	\$1,808.07		\$642.76	36%	\$1,165.32	\$21.82	\$261.86
<b>Triple Option</b>														
EE	5	\$921.30		\$396.83	43%	\$524.47	5	\$953.36		\$411.16	43%	\$542.20	\$14.33	\$171.96
EE + Spouse	2	\$1,962.37		\$1,053.38	54%	\$908.99	2	\$2,030.66		\$1,090.91	54%	\$939.75	\$37.52	\$450.30
EE + Child(ren)	1	\$1,520.14		\$772.18	51%	\$747.96	1	\$1,573.04		\$799.86	51%	\$773.18	\$27.67	\$332.08
Family	0	\$2,561.21		\$1,434.15	56%	\$1,127.06	0	\$2,650.34		\$1,485.03	56%	\$1,165.32	\$50.87	\$610.46
<b>DHMO*</b>														
EE	402	\$516.14	\$8.33	\$0.00	0%	\$524.47	402	\$533.87	\$8.33	<b>\$0.00</b>	0%	\$542.20	\$0.00	\$0.00
EE + Spouse	89	\$1,099.37	\$16.67	\$207.05	19%	\$908.99	89	\$1,137.15	\$16.67	\$214.06	19%	\$939.75	\$7.01	\$84.18
EE + Child(ren)	82	\$851.63	\$16.67	\$120.34	14%	\$747.96	82	\$880.89	\$16.67	\$124.37	14%	\$773.18	\$4.03	\$48.40
Family	129	\$1,434.86	\$16.67	\$324.47	23%	\$1,127.06	129	\$1,484.17	\$16.67	\$335.52	23%	\$1,165.32	\$11.05	\$132.62
<b>Total/PEPM</b>	<b>1,675</b>	<b>\$926.65</b>		<b>\$207.68</b>	<b>22%</b>	<b>\$723.95</b>	<b>1,675</b>	<b>\$958.49</b>		<b>\$215.03</b>	<b>22%</b>	<b>\$748.45</b>		
Monthly		\$1,552,131		\$347,863		\$1,212,618		\$1,605,474		\$360,173		\$1,253,651		
Annually		\$18,625,570		\$4,174,359		\$14,551,411		\$19,265,687		\$4,322,071		\$15,043,816		
<b>Annual \$ Change</b>								<b>\$640,118</b>		<b>\$147,712</b>		<b>\$492,406</b>		
<b>% Increase</b>								<b>3.44%</b>		<b>3.54%</b>		<b>3.38%</b>		

\*Includes HRA Contribution

\*Dependent subsidy calculated after HRA dollars

Note: Plan cost not inclusive of opt-out payment



# Benefit Proposal

## Medical Plan – Option 3 Cost Detail

- Change to employee contribution

### Arapahoe County 2017 Renewal

Plan Choice **Renewal 1**

Dependent Subsidy

**65%**

	2016 - Current					2017 Lives	2017 - Renewal					Employee Impact		
	2016 Lives	Current Premium	HRA	EE Contributions	EE %		ER Contributions	Renewal Premium	HRA	EE Contributions	EE %	ER Contributions*	Monthly	Annual
<b>HMO</b>														
EE	459	\$628.77		\$104.30	17%	\$524.47	459	\$650.38		\$129.85	20%	\$520.53	\$25.55	\$306.60
EE + Spouse	129	\$1,339.29		\$430.30	32%	\$908.99	129	\$1,385.32		\$467.24	34%	\$918.08	\$36.93	\$443.22
EE + Child(ren)	195	\$1,037.48		\$289.52	28%	\$747.96	195	\$1,073.13		\$321.62	30%	\$751.51	\$32.09	\$385.12
Family	182	\$1,747.99		\$620.93	36%	\$1,127.06	182	\$1,808.07		\$664.43	37%	\$1,143.65	\$43.49	\$521.90
<b>Triple Option</b>														
EE	5	\$921.30		\$396.83	43%	\$524.47	5	\$953.36		\$432.83	45%	\$520.53	\$36.00	\$432.00
EE + Spouse	2	\$1,962.37		\$1,053.38	54%	\$908.99	2	\$2,030.66		\$1,112.58	55%	\$918.08	\$59.19	\$710.34
EE + Child(ren)	1	\$1,520.14		\$772.18	51%	\$747.96	1	\$1,573.04		\$821.53	52%	\$751.51	\$49.34	\$592.12
Family	0	\$2,561.21		\$1,434.15	56%	\$1,127.06	0	\$2,650.34		\$1,506.70	57%	\$1,143.65	\$72.54	\$870.50
<b>DHMO*</b>														
EE	402	\$516.14	\$8.33	\$0.00	0%	\$524.47	402	\$533.87	\$8.33	<b>\$21.67</b>	4%	\$520.53	\$21.67	\$260.04
EE + Spouse	89	\$1,099.37	\$16.67	\$207.05	19%	\$908.99	89	\$1,137.15	\$16.67	\$235.73	21%	\$918.08	\$28.68	\$344.22
EE + Child(ren)	82	\$851.63	\$16.67	\$120.34	14%	\$747.96	82	\$880.89	\$16.67	\$146.04	17%	\$751.51	\$25.70	\$308.44
Family	129	\$1,434.86	\$16.67	\$324.47	23%	\$1,127.06	129	\$1,484.17	\$16.67	\$357.19	24%	\$1,143.65	\$32.72	\$392.66
<b>Total/PEPM</b>	<b>1,675</b>	<b>\$926.65</b>		<b>\$207.68</b>	<b>22%</b>	<b>\$723.95</b>	<b>1,675</b>	<b>\$958.49</b>		<b>\$236.70</b>	<b>25%</b>	<b>\$726.78</b>		
Monthly		\$1,552,131		\$347,863		\$1,212,618		\$1,605,474		\$396,470		\$1,217,354		
Annually		\$18,625,570		\$4,174,359		\$14,551,411		\$19,265,687		\$4,757,638		\$14,608,249		
<b>Annual \$ Change</b>								<b>\$640,118</b>		<b>\$583,279</b>		<b>\$56,839</b>		
<b>% Increase</b>								<b>3.44%</b>		<b>13.97%</b>		<b>0.39%</b>		

\*Includes HRA Contribution

\*Dependent subsidy calculated after HRA dollars

Note: Plan cost not inclusive of opt-out payment



# Benefit Proposal

## Medical Plan – Employee Cost Comparison

Plan	2016 Lives	2016 EE Contributions	Option 1			Option 2		
			2017 EE Contributions - No Plan Change	Monthly Increase	Annual Increase	2017 EE Contributions - \$10 PPD EE DHMO	Monthly Increase	Annual Increase
<b>DHMO</b>								
EE	402	\$0.00	\$0.00	\$0.00	\$0.00	\$21.67	\$21.67	\$260.04
EE + Spouse	89	\$207.05	\$214.06	\$7.01	\$84.12	\$235.73	\$28.68	\$344.16
EE + Child(ren)	82	\$120.34	\$124.37	\$4.03	\$48.36	\$146.04	\$25.70	\$308.40
Family	129	\$324.47	\$335.52	\$11.05	\$132.60	\$357.19	\$32.72	\$392.64
<b>HMO</b>								
EE	459	\$104.30	\$108.18	\$3.88	\$46.56	\$129.85	\$25.55	\$306.60
EE + Spouse	129	\$430.30	\$445.57	\$15.27	\$183.24	\$467.24	\$36.94	\$443.28
EE + Child(ren)	195	\$289.52	\$299.95	\$10.43	\$125.16	\$321.62	\$32.10	\$385.20
Family	182	\$620.93	\$642.76	\$21.83	\$261.96	\$664.43	\$43.50	\$522.00
<b>Triple Option</b>								
EE	5	\$396.83	\$411.16	\$14.33	\$171.96	\$432.83	\$36.00	\$432.00
EE + Spouse	2	\$1,053.38	\$1,090.91	\$37.53	\$450.36	\$1,112.58	\$59.20	\$710.40
EE + Child(ren)	1	\$772.18	\$799.86	\$27.68	\$332.16	\$821.53	\$49.35	\$592.20
Family	0	\$1,434.15	\$1,485.03	\$50.88	\$610.56	\$1,506.70	\$72.55	\$870.60



# Benefit Market Surveys

## Medical Plan Market Value of Option 2

	Lockton Benchmark <sup>1</sup>	Arapahoe County <sup>2</sup>		Lockton Benchmark <sup>1</sup>	Arapahoe County <sup>2</sup>
	Public Sector HMO	DHMO + HRA	HMO	Public Sector PPO	Triple Option
Average Individual/Family Deductible	\$360/\$870	\$2,000/\$4,000	\$0/\$0	\$1,200/\$2,600	\$800/\$1,600
HRA Contributions Individual/Family <sup>3</sup>		\$1,000/\$2,000			
Average PCP Office Visit Copay	\$30	\$30	\$30	\$20	\$40
Average Specialist Office Visit Copay	\$35	\$50	\$45	\$30	\$55
Average Individual/Family OOP Maximum (does not include deductible)	\$4,000/\$8,000	\$3,000/\$6,000	\$3,000/\$6,000	\$4,000/\$8,000	\$4,000/\$8,000
Employee Coinsurance In-Network	8% IN	20% IN	20% IN	14% IN	20% IN
Avg Single Monthly Contribution	\$80.70	\$21.67	\$118.18	\$76.31	\$421.16
Avg Family Monthly Contribution (Blended)	\$442.80	\$263.44	\$470.38	\$418.71	\$1,003.89
Overall Value Versus Public Sector		12.6%	5.5%		-61.8%
Enrollment		702	968		8

1. 2016 Lockton City, County and State clients (34 clients)

2. Arapahoe County 2017 plans and contributions

3. Some of the Lockton Benchmark could offer either an HRA or an HSA which is not reflected

# Benefit Proposal

## *2018 Medical Plan – Eliminate Waive Coverage Payment*

- Why would we consider elimination of payment?
  - Starting in 2017 the Affordable Care Act requires proof of other coverage is collected by the employer IF there is a payment made for waiving
  - Under the Affordable Care Act the payment for waive is added to the equation to determine Affordability of the premiums
  - Benchmark suggests less than 1% of companies offer this payment (our peers do not offer it)
- How do we Reduce Risk/Cost
  - There are three main reasons employees waive medical through work
    - Employee is on Spouse's plan (considered cost neutral to a plan)
    - Employee is on Parent's plan (< 26 years old & considered low cost to a plan)
    - Employee is healthy and on the lowest cost plan available (considered extremely low cost to a plan)

# Benefit Proposal

## Dental Plan Monthly Cost Comparison

		2016 Cost With Subsidy (Current)				2017 Cost With Subsidy (Proposed)					
	2016 Enrollment	Total "Premium"	Employee Contribution	EE %	AC Contribution	Total "Premium"	Employee Contribution	EE %	AC Contribution	EE Monthly Increase	EE Annual Increase
EE	825	\$34.47	\$0.00	0.0%	\$34.47	\$36.67	\$0.00	0.0%	\$36.67	\$0.00	\$0.00
EE + SP	287	\$73.43	\$19.48	26.5%	\$53.95	\$78.11	\$20.73	26.5%	\$57.38	\$1.25	\$15.02
EE + Ch(ren)	260	\$57.07	\$11.31	19.8%	\$45.76	\$60.71	\$12.01	19.8%	\$48.70	\$0.70	\$8.40
Family	439	\$88.14	\$26.85	30.5%	\$61.30	\$93.77	\$28.54	30.4%	\$65.23	\$1.70	\$20.34
<b>Total/PEPM</b>	<b>1811</b>	<b>\$56.90</b>	<b>\$11.22</b>	<b>19.7%</b>	<b>\$45.68</b>	<b>\$60.53</b>	<b>\$11.93</b>	<b>19.7%</b>	<b>\$48.60</b>		

# Benefit Information

## *Holiday Market Information*

- Arapahoe County offers:
  - Eleven (11) holiday days – with 3.5 hours on Christmas Eve if it falls on Tuesday, Wednesday or Thursday (Christmas falls on Monday in 2017)
  - One (1) Floating day
- MSEC market data for number of Holiday/Floating days offered:
  - Private sector: 10 holidays / 2 floating
  - Government: 11 holidays / 1 floating



# Benefit Information

## Life & Disability Rates

	UNUM (current)	Reliance Standard	Savings
<b>Basic Life and AD&amp;D</b>			
Rate Guarantee	N/A	3 years - to 12/31/20	
Life rate per \$1,000	\$0.064	\$0.055	
AD&D rate per \$1,000	\$0.020	\$0.025	
2016 Volume	\$175,447,000.00	\$175,447,000.00	
Projected Annual Premium	\$176,850.58	\$168,429.12	\$8,421.46
<b>Long Term Disability</b>			
Rate Guarantee	N/A	3 years - to 12/31/20	
Cost per \$100 of covered payroll	\$0.360	\$0.340	
2016 Volume	\$9,548,059.00	\$9,548,059.00	
Projected Annual Premium	\$412,476.17	\$389,560.82	\$22,915.35
<b>Total County Paid Coverages</b>	<b>\$589,326.74</b>	<b>\$557,989.94</b>	<b>\$31,336.80</b>

Three year contract Savings:

**\$94,010.40**

# Compensation Information

## *Current Situation*

- \$60,458 average annual base pay rate for Regular Full-Time employees (\$60,104 including Regular Part-Time and Job Share)
  - 1,137 (58.7%) employees make less than \$60,458
  - 32 employees make less than \$30,000 (starting at \$25,480)
- 8.58 average years of service
- 71 employees currently at minimum of range (excluding Sheriff's Office Deputies)
- 103 employees currently at (102) or above (1) maximum of range (excluding Sheriff's Office Deputies)
- 250 (of 404) Sheriff's Office Deputies projected to be at top step at end of 2016
  - Non-certified Deputy (\$71,954) – 19 (of 117)
  - Sheriff Deputy without education credentials (\$76,658) – 28 (of 49)
  - Sheriff Deputy with education credentials (\$80,815) – 203 (of 238)

# Compensation Proposal

## 'H' Salary Grade Structure

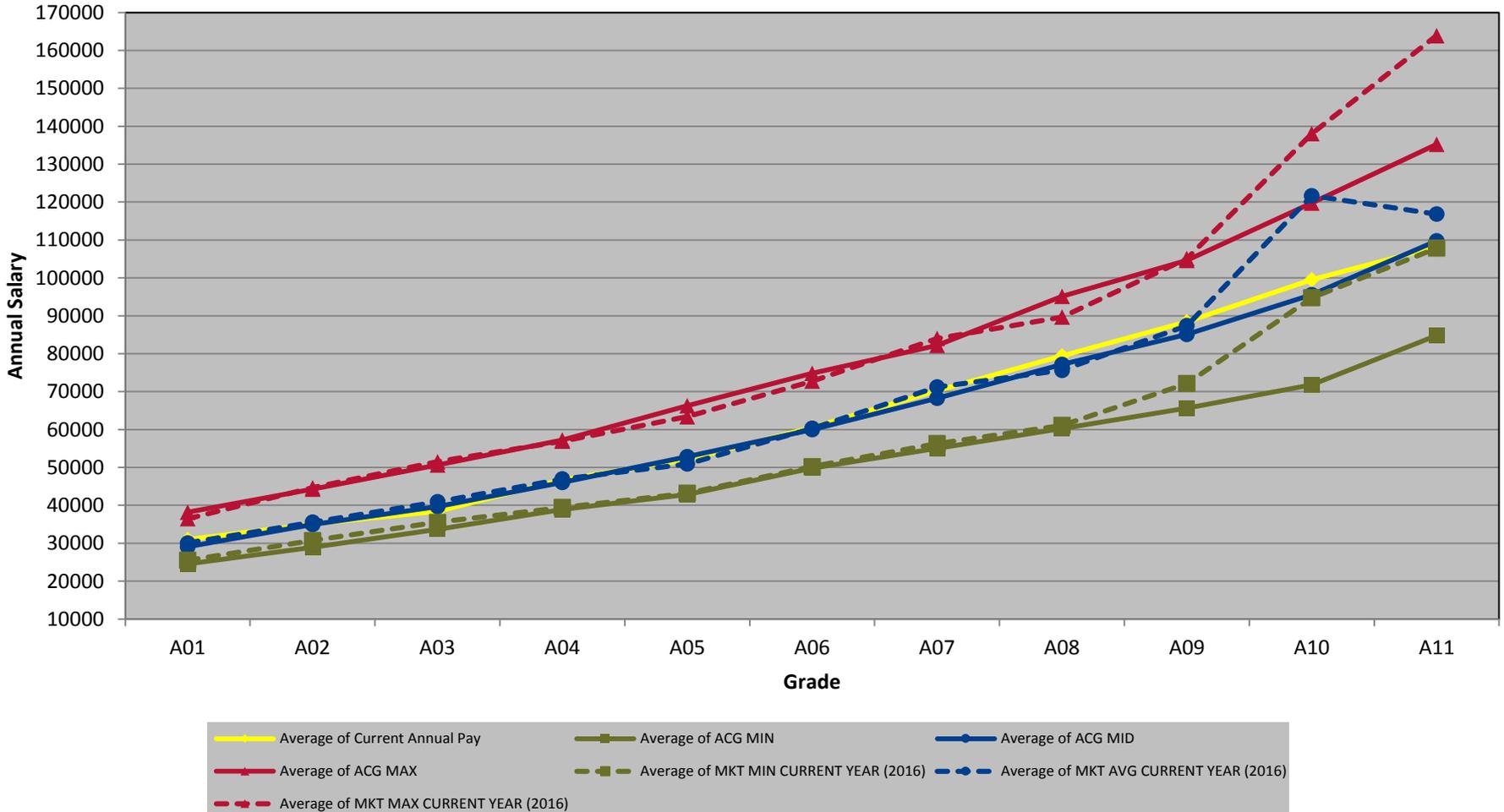
- Increase the 'H' Forensic Pathologist salary range minimum, midpoint and maximum by 1.6%

Grade	2016 Annual MIN	2016 Annual MID	2016 Annual MAX	2017 Proposed Min	2017 Proposed Mid	2017 Proposed Max
H01	\$120,300.00	\$156,432.00	\$192,546.00	\$122,224.96	\$158,935.14	\$195,626.86

# Compensation Structure Review

## 'A' Salary Grade Structure Analysis

### 2016 Market-Based Grade Analysis (A)



# Compensation Proposal

## 'A' Salary Grade Structure

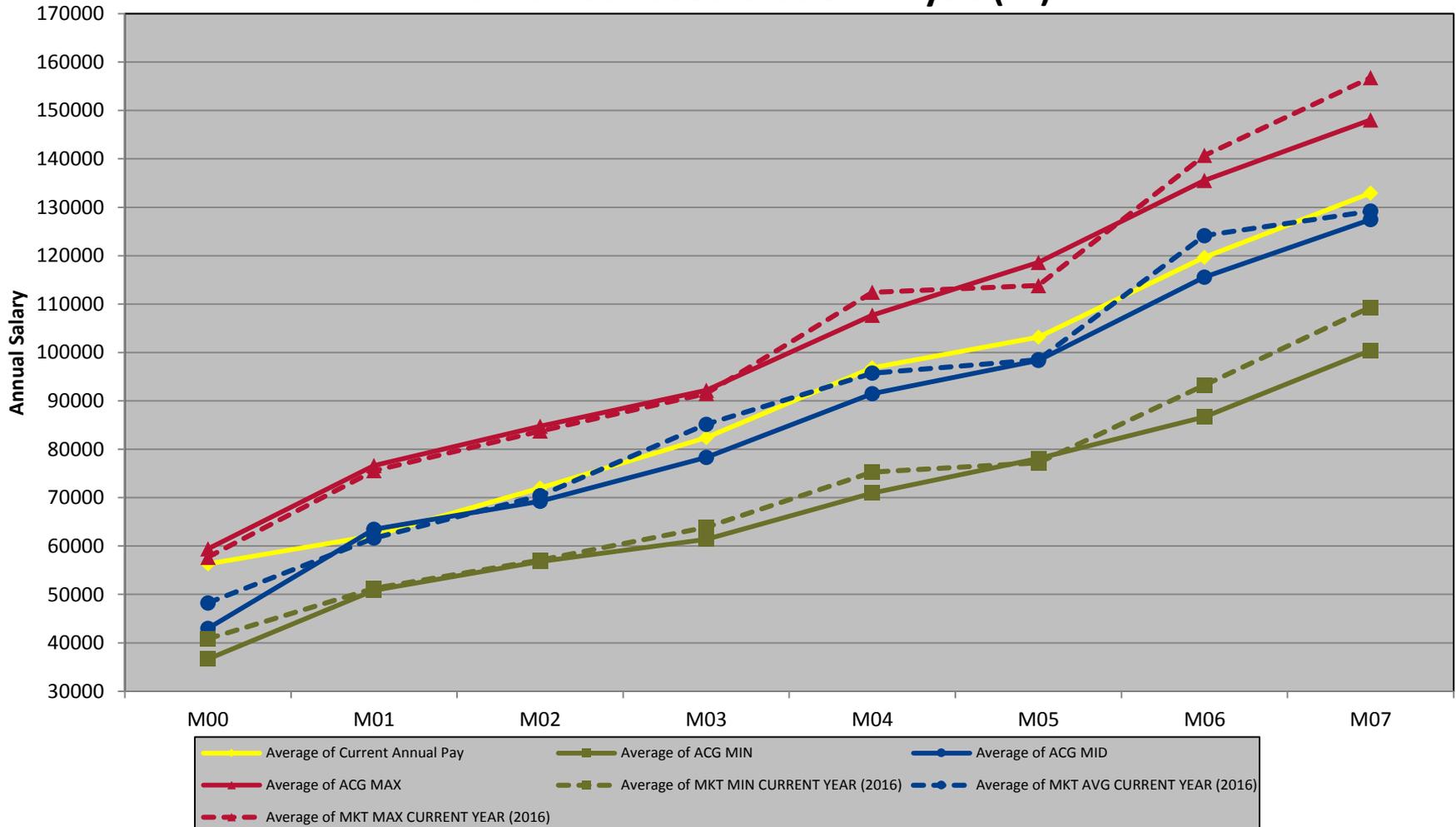
- Increase the 'A' Labor/Clerical/Technical/Professional range minimums, midpoints and maximums by 1.6%, except
  - A10 increase minimum by 5% (all employees paid above proposed minimum)
  - A01, A08 & A10 no increase to maximum
  - A06 increase maximum by 3%
  - A07 increase maximum by 3.5%

Grade	2016 Annual MIN	2016 Annual MID	2016 Annual MAX	2017 Proposed Min	2017 Proposed Mid	2017 Proposed Max
A01	\$24,562.46	\$29,093.74	\$38,184.12	\$24,955.58	\$29,559.40	\$38,184.12
A02	\$28,908.36	\$34,974.68	\$44,258.76	\$29,370.89	\$35,534.27	\$44,967.00
A03	\$33,664.54	\$39,682.76	\$50,657.10	\$34,203.00	\$40,317.68	\$51,467.78
A04	\$38,872.60	\$46,073.04	\$57,195.58	\$39,494.52	\$46,810.40	\$58,110.78
A05	\$42,880.50	\$52,802.88	\$66,296.36	\$43,566.64	\$53,647.88	\$67,375.16
A06	\$49,767.12	\$59,982.00	\$74,850.88	\$50,563.50	\$60,941.92	\$77,101.19
A07	\$55,018.08	\$68,273.66	\$82,210.70	\$55,898.44	\$69,366.18	\$85,088.12
A08	\$60,262.80	\$77,196.08	\$95,138.68	\$61,227.14	\$78,431.34	\$95,138.68
A09	\$65,648.96	\$85,083.70	\$104,608.66	\$66,699.36	\$86,445.06	\$106,282.40
A10	\$71,778.46	\$95,589.26	\$119,784.08	\$75,367.50	\$97,118.84	\$119,784.08
A11	\$84,826.04	\$109,802.68	\$135,243.94	\$86,183.50	\$111,559.76	\$137,407.92

# Compensation Structure Review

## 'M' Salary Grade Structure Analysis

**2016 Market-Based Grade Analysis (M)**



# Compensation Proposal

## 'M' Salary Grade Structure

- Increase the 'M' Supervisors/Managers range minimums, midpoints and maximums by 1.6%, except
  - M00 move minimum up by 6% (all employees paid above proposed minimum)
  - M00 and M06 no increase to maximum
  - M05 increase maximum by 0.07%

Grade	2016 Annual MIN	2016 Annual MID	2016 Annual MAX	2017 Proposed Min	2017 Proposed Mid	2017 Proposed Max
M00	\$36,634.52	\$42,980.86	\$59,401.16	\$39,565.50	\$43,668.56	\$59,401.16
M01	\$50,825.84	\$63,447.02	\$76,596.78	\$51,639.12	\$64,462.32	\$77,822.42
M02	\$56,773.08	\$69,241.38	\$84,740.50	\$57,681.52	\$70,349.24	\$86,096.40
M03	\$61,385.74	\$78,302.90	\$92,185.34	\$62,368.02	\$79,555.84	\$93,660.32
M04	\$70,922.28	\$91,482.82	\$107,667.04	\$72,057.18	\$92,946.62	\$109,389.90
M05	\$78,087.10	\$98,352.02	\$118,617.46	\$79,336.66	\$99,925.80	\$119,446.00
M06	\$86,662.68	\$115,540.88	\$135,540.86	\$88,049.52	\$117,389.74	\$135,540.86
M07	\$100,438.00	\$127,465.78	\$148,027.62	\$102,045.06	\$129,505.22	\$150,396.22

# Compensation Information

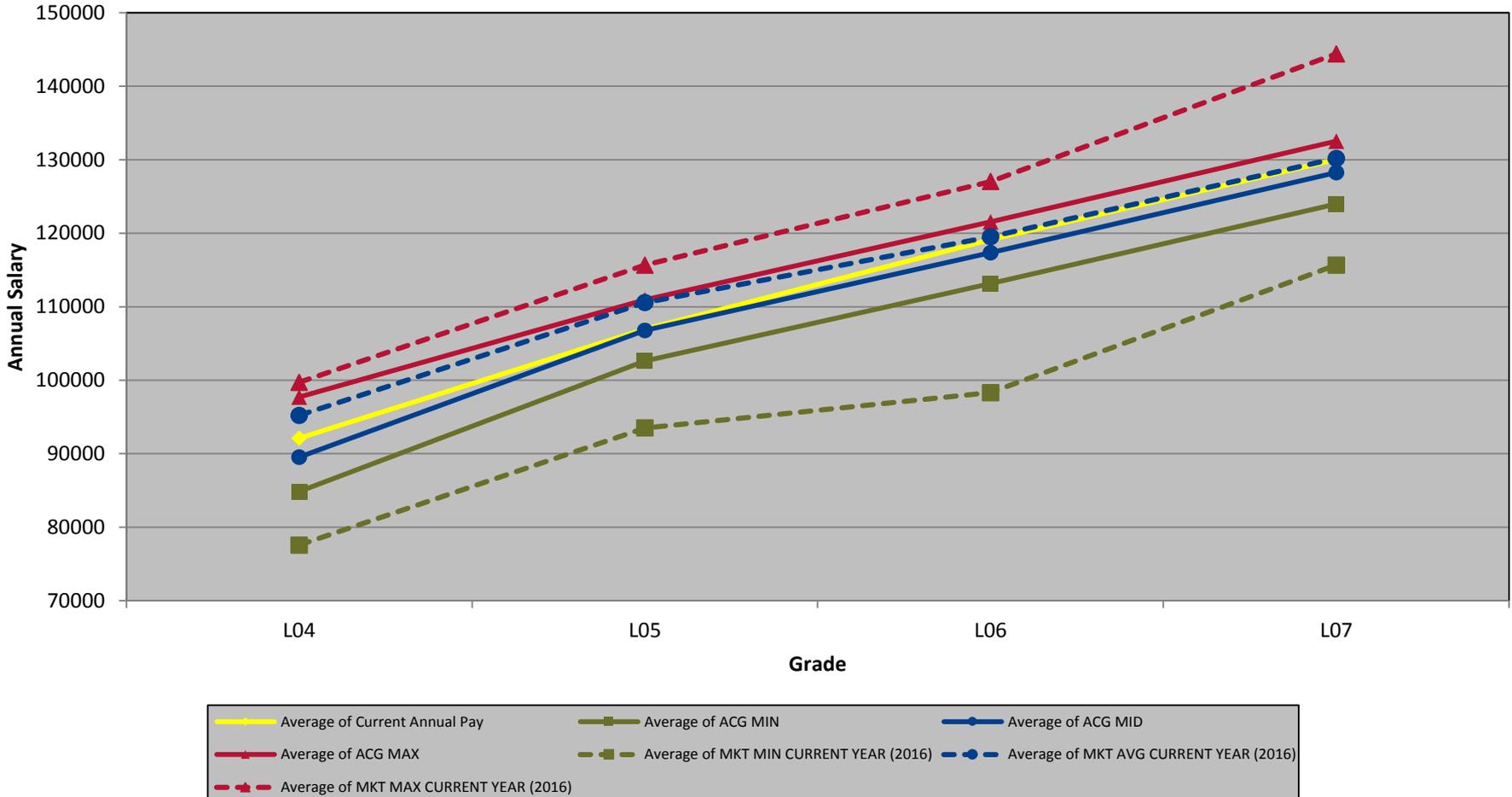
## *Sheriff Step Program History*

- Approval to move pay philosophy to 75<sup>th</sup> percentile beginning in 2017
- Add Differential Pay Tiers beginning in 2017
- Commitment to evaluate structure every year beginning with 2016
- Comparator companies do not differentiate base pay for Non-Certified and Deputy Sheriff without or with education credentials
- Comparator companies have pay differentials not included in base pay market data – data obtained through Arapahoe County Human Resources sponsored survey
- The number of steps are competitive with the market average

# Compensation Structure Review

## 'L' Sworn Management Salary Grade Structure Analysis

**2016 Market-Based Grade Analysis (L)**



# Compensation Proposal

## *'L' Sworn Management Salary Grade Structure*

- Structure designed to maintain differentiation between positions (e.g., pay difference between maximum for Deputy Sheriff with education and minimum for Sergeant)
- Market results:
  - Arapahoe County average pay for Sergeants and Lieutenants is 3.36% lower than market
  - Range minimums are higher than market
  - Range maximums are lower than market
- Increase all salary range minimums, midpoints and maximums

Grade	2016 Annual MIN	2016 Annual MID	2016 Annual MAX	2017 Proposed Min	2017 Proposed Mid	2017 Proposed Max
L04 (Sergeant)	\$84,855.68	\$89,539.84	\$97,734.26	\$86,675.68	\$90,972.70	\$99,298.16
L05 (Lieutenant)	\$102,620.96	\$106,773.42	\$110,926.14	\$104,263.12	\$108,481.88	\$112,701.16
L06 (Captain)	\$113,144.72	\$117,354.64	\$121,564.82	\$114,955.10	\$119,232.36	\$123,509.88
L07 (Bureau Chief)	\$123,996.08	\$128,266.02	\$132,536.04	\$125,980.14	\$130,318.50	\$134,656.86
L08 (Undersheriff)	\$133,861.00	\$138,493.16	\$143,124.02	\$136,002.88	\$140,709.14	\$145,414.10



# Compensation Proposal

## *Sheriff Step Program Structure*

Position	Entry	Step 1	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7
Non-Certified Deputy								
2017 Proposed	\$49,651.80	\$52,987.44	\$55,937.19	\$58,885.08	\$62,111.56	\$65,377.35	\$69,184.11	\$73,497.33
Current 2016	\$48,609.34	\$51,874.94	\$54,762.76	\$57,648.76	\$60,807.50	\$64,004.72	\$67,731.56	\$71,954.22
Deputy Sheriff (w/o Education Credentials)								
2017 Proposed	\$51,327.32	\$55,071.94	\$57,867.93	\$60,822.19	\$64,155.97	\$68,642.61	\$72,731.41	\$78,301.60
Current 2016	\$50,249.68	\$53,915.68	\$56,652.96	\$59,545.20	\$62,808.98	\$67,201.42	\$71,204.38	\$76,657.62
Deputy Sheriff (with Education Credentials)								
2017 Proposed	\$53,616.32	\$57,527.99	\$60,519.70	\$64,155.97	\$67,789.84	\$72,071.72	\$77,073.31	\$82,548.16
Current 2016	\$52,490.62	\$56,320.16	\$59,249.06	\$62,808.98	\$66,366.56	\$70,558.54	\$75,455.12	\$80,815.02

Increases based on 1.6% structure and .0536% market adjustment



## Board Summary Report

**Date:** June 21, 2016

**To:** Board of County Commissioners

**Through:** Shannon Carter, Director,

**From:** Roger Harvey, Planning Administrator

**Subject:** Open Spaces/Arapahoe County Recreation District Development Referral  
Comments on Land Development Applications.

**Direction/Information:** Study Session will be providing information to and requesting direction.

### Request and Recommendation

The purpose of this Study Session is to give information and request direction from the BOCC related to Open Spaces Dept. providing referral comments on Development application cases; recommending park improvements from developers and requesting the Appraisal Method in Land Dedication requirements to determine Cash-in-Lieu fee for parks and open space.

### Background

The subdivision of land is the first step in the process of urban development. The arrangement of land parcels for residential, commercial, industrial, recreational, utilities and other public purposes will determine to a large degree the quality of health, safety, and economy of the environment.

Public land dedication shall be provided by the Owner/Subdivider of land which is subdivided to permit residential uses, for use of public parks, public schools and other public purposes to serve the future residents of the subdivision.

If it is determined that the acreage required within a development for schools, parks or other public purposes is too small to be viable or desirable, or cannot be integrated into the development, the owner/subdivider is required to pay a sum of money to Arapahoe County, in lieu of the land dedication requirement; Cash-in-Lieu.

Where parks are provided in a proposed subdivision and are to be privately owned and maintained by the future residents of the subdivision for the mutual use and benefit of said residents, such land area and/or improvements may be credited against the park requirements, provided the Board of County Commissioners finds that it is in the public interest to do so.

Because new development creates the need for additional park amenities. The people responsible for creating that need should provide (if the County cannot) or bear the cost of such amenities (the fiscally responsible principal of growth paying for itself).

In many areas of Unincorporated Arapahoe County, Open Spaces/Recreation District is the only entity responsible for providing existing and/or new recreation amenities. Therefore, the Open Spaces Department has been included as a referral agency as part of the County land use development application process.

As a basis for developing our recommendations, we have utilized the following planning documents and studies that been developed over the years:

- Open Space Master Plan
- 4 Square Mile Sub-Area Plan
- 4 Square Mile Recreation Needs and Opportunity Study
- Professional Standards and from Nationally recognized Organizations

Our providing referral comments related to parks, trails and open space can improve development, quality of life, pedestrian connections to existing regional trails, and safe and efficient access to parks, trails and open space.

#### **Links to Align Arapahoe**

Enhancing Quality of Life, Fiscal Responsibilities, Improve Park, Trail and Open Space Opportunities  
Optimize Use of Financial Assets

#### **Discussion**

In fulfilling our role as a referral agency, we have identified two issues that warrants a discussion with the BOCC (primarily been in the 4 Square Mile Planning area but applicable elsewhere in the unincorporated parts of the County:

1. A lack of available land in areas where service gaps of parks and open space has been identified.
2. The use of the Assumed Value Method in calculating the Cash-in-Lieu Fee for park development when the developer does not dedicate land.

#### **Issue 1:**

The Denver Metropolitan area has recently come out of recession and moved quickly into a housing boom. Land values have increased rapidly and much of the undeveloped land in Four Square mile area is being purchased and developed with high residential density. This creates a need to create more parks and recreation amenities for the rapidly increasing population. For this reason, we are recommending developers include a playground or pocket park because the County/Rec. District, due to little or no land availability, will not be able to provide a public park within walking distance to some of these developments. This is especially important for toddlers, and small children who cannot travel far to a park. If the developer adds this private recreation amenity for their residents, in most cases this will qualify as dedicated park land and the cash-in- lieu funds that they would be required to pay is reduced.

#### **Issue 2:**

In chapter 14 of the County Land Development Code: subdivision regulations: dedication standards calls for Public Land dedication for use of public parks, public schools and other public purposes to serve future residents of the subdivision. There is a set formula for calculating Land Dedication requirements for both parks and schools. Under Regulation 14-111.05.01...*if the BOCC determines that the acreage required for schools and parks...is too small to be viable or desirable or cannot be integrated into the*

*development the owner/subdivider shall be require to pay a sum of money to Arapahoe County in lieu of the land dedication.*

There are two methods under the Code to determine the land value calculation: Assumed Value Method and Appraisal Method. In the past the Assumed Value method is used unless the Appraisal Method is requested by the County or the School District. The Assumed Value method includes a formula to determine the Fee amount at the fixed value of \$40,000 per acre (this amount has not been adjusted since 1999, due to the current housing shortage land values have increased dramatically). The Appraisal Method utilizes fair market value for calculating the per acre value. Open Spaces and School District recognize the current assumed value calculation amount is outdated and research shows that most, if not all, Front Range Cities and Counties do not use the Assumed Value Method.

This discrepancy (fair market value vs the fixed \$40k per acre) means taxpayers in other parts of the County are subsidizing development of new parks in this area. Developers have little incentive to provide park space as a part of the development where people need it the most because their developable land is worth far more than the Fees being assessed.

This issue has been highlighted by Cherry Creek School District in recent development referral comments they have specifically requested for us to utilize the appraisal method to determine land value (see attached referral Letters from Cherry Creek Schools).

**Alternatives**

1. Amend the Land Development Code to require the Appraised Value Method except in areas outside the urban service area (in 1999 it looks like we established the \$40K urban/\$20K rural to help ensure rural school districts received adequate cash in lieu, rural property is often appraised very low).
2. Authorize Open Spaces to request Cash in Lieu for parks and other public purposes to be calculated by the Appraised Value Method.
3. Provide further direction to staff on requesting that developers include small neighborhood parks where land is otherwise unavailable or unattainable for building public community parks near the new development (facilities that could, in part, be funded by CIL funds).

**Fiscal Impact**

If Assumed Value of \$40,000 an acre continues as main calculation; this will have negative impact to Recreation District funds. Appraisal Method would increase the ability to create active recreation amenities within the County.

**Concurrence**

Planning Department

**Attorney Comments**

**Reviewed By:**

Department Director or Elected Official  
Finance Department  
County Attorney

**David Strohfus**  
 Director of Planning &  
 Interagency Relations



Educational Services Center  
 4700 S. Yosemite Street  
 Greenwood Village, CO 80111

720.554.4244

dstrohfus@cherrycreekschools.org

**Sherman Feher**  
 Arapahoe County Public Works & Development  
 6924 South Lima Street  
 Centennial, CO 80112

Subject: Case No. Z15-005  
 Iliff Avenue Townhomes – FDP  
 68 Multi-family Dwellings

**To Whom it May Concern:**

Cherry Creek School District No. 5 has reviewed the information provided by Arapahoe County regarding the preliminary development plan for the Iliff Avenue Townhome development and will provide educational services to the future residents of this project. Students from this project are within the current boundaries of Eastridge Elementary School, Prairie Middle School, and Overland High School. Boundaries are subject to change when necessary to promote the efficient utilization of school facilities.

Utilizing the Arapahoe County Land Development Code), the land dedication calculation for the school district would be 0.3448 acres or an appropriate cash-in-lieu fee. The student generation worksheet is included below.

<b>Cherry Creek School District #5 Planning Department</b>				
<b>Student Generation Worksheet - Arapahoe County</b>				
<b>Project Name:</b>	<b>Iliff Avenue Townhomes</b>			
<b>Developer/Contact Person:</b>	Alpert Development & JR Engineering			
<b>Submitted for Review:</b>	Mar 2016			
<b>Total Project Acreage:</b>	<b>3.5</b>			
<b>Maximum Dwelling Units:</b>	<b>68</b>			
<b>Dwelling Units/Acre</b>	<b>19.4285714</b>			
<b>Acres per child</b>	<b>0.026</b>			
<b>Residential Density</b>	<b>#D.U.s</b>	<b>Student Generation per DU</b>	<b>Students Generated</b>	<b>Land Calculation</b>
0.0 - 7.49 du/ac	0	0.775	0	0.000000
7.5 - 14.99 du/ac		0.364	0	0.000000
15.00 or more du/ac	68	0.195	13	0.344760
<b>Totals</b>			<b>13</b>	<b>0.3448</b>

In this instance, the district believes that the Assumed Value Method that is commonly used to determine cash-in-lieu requirements will result in an amount that is far less than the fair market value of this property. In order to fairly evaluate the cash-in-lieu fee, the district's intent is to utilize the Appraisal



Method for consideration with the Board of County Commissioners to determining fair market value as outlined in 14-111.05.02 B.1. This district will comply with all appropriate timelines and processes outlined in the Arapahoe County Land Development Code in order to complete this process.

Thank you for the opportunity to review this proposal. Should you need additional information from Cherry Creek Schools, please feel free to contact me.

Sincerely,

David Strohfus,  
Director of Planning and Interagency Relations

Cc: Sheila Graham – Assistant Superintendent of Educational Support Services  
Angela McCain – Director of Planning and Interagency Relations.



**David Strohfus**  
Director of Planning &  
Interagency Relations



Educational Services Center  
4700 S. Yosemite Street  
Greenwood Village, CO 80111

720.554.4244

[dstrohfus@cherrycreekschools.org](mailto:dstrohfus@cherrycreekschools.org)

January 6, 2015

Mr. Sherman Feher  
Arapahoe County Public Works & Development  
6924 South Lima Street  
Centennial, CO 80112

Subject: Phase II Referral Routing & Preliminary Development Plan & Comprehensive Plan Amendment  
Sky Mark Apartments – PDP  
95 Multi-family Dwellings

To Whom It May Concern:

Cherry Creek School District No. 5 has reviewed the information provided by Arapahoe County regarding the preliminary development plan for the Sky Mark Apartments development and will provide educational services to the future residents of this project who reside within the boundaries of the Cherry Creek School District. It is understood that this is part of a larger project that includes adjacent parcels within the borders of the City and County of Denver. The Cherry Creek School District will not provide educational services for students living in the portion of the development that is outside of the CCSD boundaries. Students from this development *within the boundaries of CCSD* are within the current boundaries of Eastridge Elementary School, Prairie Middle School, and Overland High School. Boundaries are subject to change when necessary to promote the efficient utilization of school facilities.

Utilizing the Arapahoe County Land Development Code, the land dedication calculation for the school district would be 0.48165 acres or an appropriate cash-in-lieu fee. In this instance, the District believes that the Assumed Value Method for determining cash-in-lieu requirements will result in an amount that is far less than the fair market value of this property. The District proposes to utilize the Appraisal Method to determine the fair market value as outlined in 14-111.05.02 B.1 of the Arapahoe County Land Development Code. The District will comply with all appropriate timelines and processes outlined in the Arapahoe County Land Development Code in order to complete this process.

Thank you for the opportunity to review this proposal. Should you need additional information from Cherry Creek Schools, please feel free to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "David Strohfus", is written over the word "Sincerely,".

David Strohfus  
Director of Planning and Interagency Relations

Enclosures (2)

cc: Sheila L. Graham – Assistant Superintendent of Educational Support Services  
Randy Hawbaker – Executive Director of Educational Support Services  
Angela McCain – Director of Planning and Interagency Relations



**CITY OF ARVADA, CO**
***Jurisdiction Definition of Parks/Open Space***

Parks, trails and open space areas shall be defined as any parcel of land, including ponds and lakes that are donated, dedicated or acquired for public use as a park, trail or open space. Park structures or facilities shall be defined to include but not limited to athletic fields, tennis courts, playgrounds, shelters, picnic areas, horseshoe courts, equestrian facilities, shuffleboard courts, golf courses, outdoor theaters, buildings, gymnasiums and swimming pools.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

The owner/developer of land is required to convey to the City in fee simple not less than ten (10) acres per thousand (1000) population projected for the development of such land or pay to the City the cash equivalent of the fair market value of the land otherwise required to be dedicated.

1. Density Factor X Total Dwelling Units Proposed/ Divided by 100 = Required Acreage Dedication
2. Required Acreage Dedication X Per Acre Land Value = Cash Fee-in-Lieu

Density Factor:           SFD = 2.66 persons, SFA = 1.82 persons  
MF = 1.70 persons, Senior = 1.50 persons"

<b>Cash-in-Lieu Option</b>	Yes
<b>Formula</b>	Fair Market Value of land otherwise required to be dedicated: Currently \$333K/ac
<b>Park Improvement Fees</b>	\$1,469.75 per single family dwelling unit (2013) \$1,234.59 per multi-family or single family attached dwelling unit (2013)
<b>Actual Achievement</b>	Population:           107,702 Trails:                 32 miles Developed Parks:    619 AC Open Space:         1,318 AC

***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Arvada Website
- City of Arvada - Community Development Department
- 2012 Park and School Fees

**A. TECHNICAL APPENDICES**

**CITY OF AURORA, CO**

***Jurisdiction Definition of Parks/Open Space***

Parks include eight (8) general types: 1) small urban, 2) pocket, 3) neighborhood, 4) district, 5) community, 6) large urban, 7) special use and 8) regional. Each is designed to service a select geographic area and compliment other park classes in a hierarchical manner. Each type of park is largely differentiated by its primary purpose, service area, level of development and type of user, "open space" refers to those sites whose primary purpose is for preservation or conservation with limited recreational uses. The majority of these sites are covered with non-irrigated, native vegetation. Classifications within this category include preservation and conservation areas. Special use, cultural and historic sites may fall into this category if their primary function is compatible with these criteria. Trail corridors may be considered developed if they do not include irrigated landscape improvements.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

- 3.0 acres per 1000 residents for Neighborhood Parks
- 1.1 acres per 1000 residents for Community Parks
- 7.8 acres per 1000 residents for Open Space, other park uses and trails.

Cash in Lieu Payments are based on Current Market Values and must be approved by Dept. Staff. Section 5, Page 23: Aurora Parks and Open Space Dedication and Development Criteria Manual (2008, 2nd Edition)

<b><i>Cash-in-Lieu Option</i></b>	Yes
<b><i>Formula</i></b>	Based on Current Market Value; must be approved by staff
<b><i>Park Improvement Fees</i></b>	2.65 persons/ SF unit 2.50 persons / MF unit 1.58 persons/active adult unit

Park construction costs are calculated based on: \$125,250 per acre for Neighborhood Park land  
\$ 99,750 per acre for Community Park land

<b><i>Actual Achievement</i></b>	Population: 332,354 Parks and Open Space: 10,156 Acres
----------------------------------	---

***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Aurora Website
- City of Aurora Development Handbook
- <https://www.auroragov.org/cs/groups/public/documents/document/008461.pdf>
- TPL Website



**A. TECHNICAL APPENDICES**

**BOULDER COUNTY, CO**

***Jurisdiction Definition of Parks/Open Space***

Formal Definition Requested.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

The standard for required park dedications is 25 acres per 1000 occupants for residential areas and/or up to three percent of the total land utilized for commercial, industrial, or other nonresidential areas. Where a trail alignment is required as a condition of approval, and where the total land set aside for such trail exceeds the required dedication amount, then the land designated as trail land shall be reserved for future acquisition by Boulder County.

***Cash-in-Lieu Option***                      Yes

***Formula***

In lieu of a dedication of sites and land areas, the Board of County Commissioners, after review by the Planning Commission and with advice from the potential receiving body, may require payment of a sum of money not exceeding the full market value of such sites and land areas or combination of such land dedication and such payment.

- A. The applicant, at the option of the Board after advice from the potential receiving body, may pay Boulder County cash-in-lieu of land dedication in those cases where the dedication of land is unacceptable.
  - 1. Payment shall be based on the market value, to be determined after completion of the platting process, of the entire property as it is valued after platting.
  - 2. A proportionate amount of this value shall be assigned to any parcels or properties requested by Boulder County for public use.
  - 3. If required, property values shall be established by appraisal, provided in the first instance by the applicant, and accepted by the Board of County Commissioners.
  - 4. Minimum payment for cash-in-lieu of land dedication shall be \$500 for any required dedication.
  - 5. Any payments shall be placed in designated Boulder County maintained interest bearing escrow accounts.
- B. Combination of Dedication and Cash-in-lieu
  - 1. The applicant, at the option of the Board after advice from the potential receiving body, may meet the dedication requirements of this Article 7 through a combination of cash-in-lieu and land dedication in those cases where a portion of the dedication of land is unacceptable.
  - 2. The value of the combination of both the land dedication and the cash-in-lieu of land shall not exceed the full market value of the total required dedication of sites and land areas.
  - 3. Full market value shall be established in accordance with the provisions of Section 7-1307(A)(1), above.

***Park Improvement Fees***                      Information Requested

***Actual Achievement***                      Population: 107,702  
    Trails: 110 miles  
    Developed Parks: 619 AC  
    Open Space: 35,000+ AC

***Source Information/Jurisdiction Contact Information (2013 Update)***

- Boulder County Website
- <http://www.bouldercounty.org/doc/landuse/lucodearticle07.pdf>

## **CITY OF BRIGHTON, CO**

### ***Jurisdiction Definition of Parks/Open Space***

***Park:*** An area permanently dedicated for recreation, aesthetic, educational or cultural use and generally characterized by its natural and landscape features. It may be used for both passive and active forms of recreation and may also be any size.

***Open Space:*** Any parcel or area of land or water essentially unimproved with any residential, commercial or industrial uses and dedicated or reserved for public and/or private use and enjoyment, including agricultural, recreational, scenic or environmental purposes. Open areas may include farmland and agricultural uses and natural areas, including but not limited to meadows, forested areas, steep slopes, flood plains, hazard areas, unique geologic features, ridgelines, unique vegetation and critical plant communities, stream corridors, wetlands and riparian areas, wildlife habitat and migration corridors, areas containing threatened or endangered species and archeological, historical or cultural resources, trails, buffer zones, community separators and greenbelts.

### ***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

Local Parks and OS:

three (3) acres per one thousand (1,000) population for local neighborhood parks and open space exclusive of school sites. Total dwelling units proposed (or lots for single-family housing units) within the development X 2.96 persons per household.

Community Parks and OS: three (3) acres per one thousand (1,000) population for local neighborhood parks and open space exclusive of school sites. When the project location is not within the vicinity of a community park, the developer shall be required to pay a fee in lieu of land dedication equal to a rate of three (3) acres per one thousand (1,000) population based upon the fair market value of the unimproved land as zoned for urban development.

***Cash-in-Lieu Option***                      Yes

***Formula***                                      Equal to rate of (3) AC per 1,000 Population based upon fair market value

### ***Park Improvement Fees***

Each project shall be required to pay a park development fee based upon the number of units (or lots) proposed within the development. The City Council may request all commercial and industrial projects to pay a park development fee up to twenty percent (20%) of the fair market value of the unimproved land as zoned contained within the project site

<b><i>Actual Achievement</i></b>	Population:	34,069
	Parks/OS:	960 AC
	Trails:	27 miles

### ***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Brighton Website

**A. TECHNICAL APPENDICES**

**CITY/COUNTY OF BROOMFIELD, CO**

***Jurisdiction Definition of Parks/Open Space***

“Open lands” is an umbrella concept that encompasses three subsidiary designations: Park/Recreation Areas, Open Space, and Other Open Lands. Park/recreation areas are the most intensively developed and used types of open lands. They may contain open turf areas for passive recreation, playing fields, hard courts, picnic areas, restroom facilities, and other improvements. Open space areas are parcels intentionally protected from development and set aside for unstructured recreation and the appreciation of natural surroundings. They may contain trailheads and trails, fishing facilities, wildlife viewing areas, and other facilities that support uses compatible with site resources and conditions. Other open lands include golf courses, water detention areas, and other facilities that are maintained by the City and County but are neither strictly parks nor open space.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

Gross Density x 2 + 5 = percent of land to be dedicated

Recommended distribution by component:

- Parkland: 16 AC/1,000 persons, including up to 5 AC of joint school park facilities
- Open Space: 8 AC/1,000 persons
- School Land Dedication for elementary schools, per district req.
- Public land dedication cap of 25% gross land area

***Cash-in-Lieu Option***                      Yes

***Formula***

Subject to approval by City Council, If the city council so determines, the subdivider shall pay to the city, in cash, an amount based upon the average market value of the land to be dedicated, as required in section 16-28-120, in lieu of land dedication. The fee shall be negotiated with the subdivider, and if the city and the subdivider fail to agree on the value of the land, such value shall be fixed by a real estate appraisal by one or more qualified appraisers acceptable to both the subdivider and the city. The cost of the appraisals shall be paid by the subdivider.

***Park Improvement Fees***                      None

***Actual Achievement***

Population:	55,889
City-Owned OS:	2,403 AC
Cons. Ease:	371
Boulder/Broomfield IGA	
Joint OS:	2,421 AC
Public Park/Rec:	696 AC
Golf Course:	665 AC
Trails:	80 miles

***Source Information/Jurisdiction Contact Information (2013 Update)***

- City/County of Broomfield Website
- Peter Dunlaevy, Open Space and Trails, City and County of Broomfield, pdunlaevy@broomfield.org

## **COMMERCE CITY, CO**

### ***Jurisdiction Definition of Parks/Open Space***

Park property means any and all public recreation lands, waters or facilities owned, leased or operated by the city, including, but not limited to, all city parks, trails and open space, all city recreation facilities and the Buffalo Run Golf Course.

### ***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

Residential Development Dedication = Three percent (3%) x square feet of usable land area

There is no fee-in-lieu for private park dedication.

***Cash-in-Lieu Option***                      No

***Formula***                                      No

### ***Park Improvement Fees***

Fee for public parks, trails, and recreation facilities. This fee is in addition to the private park land dedication above. Land located within Commerce City (based on the following equation):

Per Square Foot for Residential Uses  $[(45,364/12,000) \times .09] \times \text{SF}$

Per Square Foot for All Other Uses  $[(45,364/12,000) \times .05] \times \text{SF}$

***Actual Achievement***                      Population: 46,941  
    Parks and Open Space: 700 acres  
    Trails: 27 miles

### ***Source Information/Jurisdiction Contact Information (2013 Update)***

- Commerce City Website
- Commerce City Community Development - Phone (303) 289-3683 / Fax (303) 289-3731  
<http://www.c3gov.com>

**A. TECHNICAL APPENDICES**

**CITY OF FORT COLLINS, CO**

***Jurisdiction Definition of Parks/Open Space***

Parks, recreation and open lands shall mean natural areas as described in the Natural Areas Policy Plan, parks and recreation facilities as described in the Parks and Recreation Policy Plan whether such facilities are owned or operated by the City or by another not-for-profit organization, environmental interpretation facilities, outdoor environmental research or education facilities, or public outdoor places.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

None

***Cash-in-Lieu Option***                      Yes

***Formula***                                      Fees are based on unit size.  
Refer to <http://www.colocode.com/ftcollins/municipal/chapter7-5.htm#articleV>

***Park Improvement Fees***

Tiered fee structure for parkland and improvements is based on size of residential unit:

Community parkland fees range from \$1,023 to \$2,385 depending on size of unit

Neighborhood Parkland fees range from \$920 to \$2,142 per unit

***Actual Achievement***                      Population:      151,330  
Parks:                      875 Acres  
Open Space:      34,500 Acres  
Trails:                      95 Miles

***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Fort Collins Website - Fort Collins Municipal Code and Charter

## **CITY OF LAKEWOOD, CO**

### ***Jurisdiction Definition of Parks/Open Space***

***Park:*** A public area of land intended for indoor or outdoor active or passive recreational uses and all ancillary uses, or for open space.

***Open Space:*** Areas on a lot, or combination of lots, that are designed and intended for the use and enjoyment of residents and or the use and enjoyment of the public in general, and that are not occupied by primary or accessory structures, automobile parking spaces, parking aisles, or driveways. Open space may include walkways, pedestrian paths, plazas, natural and landscaped areas, playgrounds, improved roof tops, detention that is integrated into landscaped areas, and other similar amenities designed specifically for active or passive use.

### ***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

All residential developers shall provide a minimum of five and five-tenths acres of park area per one thousand anticipated population or cash in lieu thereof.

For purpose of these calculations, the anticipated population of each residential dwelling unit shall be two and five-tenths persons per dwelling unit.

There is no fee-in-lieu for private park dedication.

***Cash-in-Lieu Option***                      Yes

### ***Formula***

- A. A. All land and/or fee requirements in lieu of land for subdivisions and other residential development shall be met at the time of platting. A letter of credit, not to exceed one year in length, may be substituted for the fee requirement at the time of platting.
- B. B. If the Director of Community Resources determines that a land dedication in accordance with this chapter would not serve the public interest, the Director of Community Resources may require payment of a fee in lieu of the dedication or may require dedication of a smaller amount of land than would otherwise be required, and payment of a fee in lieu of the portion not dedicated. The amount of the fee shall be the fair market value of the land which would otherwise be dedicated; however, the total fee shall not exceed an amount equal to seven hundred dollars per unit.
- C. C. In the event that a fair market value cannot be determined by mutual agreement between the Director of Community Resources and the developer, the fair market value of the zoned, unplatted, and unimproved land shall be determined by an independent party, being a qualified appraiser who shall be mutually agreed upon by the Director of Community Resources and the developer. The independent party shall be a Member of the Appraisal Institute (MAI) or the Society of Real Estate Appraisers (SRA). The developer and the city shall each pay one-half the cost of the appraisal.
- D. D. Fees in lieu of a land donation shall normally be required when the dedication formula would result in parkland of three acres or less.

***Park Improvement Fees***                      None

***Actual Achievement***

Population:	144,406
Parks:	7,162 Acres
Open Space:	810.91 Acres
Trails:	188 Miles

### ***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Lakewood Website - Lakewood Municipal Code

**A. TECHNICAL APPENDICES**

**CITY OF LONGMONT, CO**

***Jurisdiction Definition of Parks/Open Space***

Parks: Park lands and irrigated detention areas within residential areas.

Open Space: An area of land that is kept in or returned to its natural state to protect or preserve wildlife habitat, to protect, preserve, or enhance wetlands, or to provide, preserve, or support view, vista or wildlife corridors. Open space may include agricultural uses and natural features located on a site, including, but not limited to, meadows, forested areas, steep slopes, floodplains, hazard areas, unique geological features, ridgelines, unique vegetation and critical plant communities, stream corridors, wetlands and riparian areas, wildlife habitat and migration corridors, areas containing threatened or endangered species and archeological, historical and cultural resources.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

All residential subdivisions shall reserve land for public parks according to the LACP, or dedicate land, or pay fees in-lieu of dedication, for the purpose of providing a proportionate share of public parks, greenways, and open space. All dedications for parks, greenways, and open space shall comply with the standards stated in section 15.05.040, "Open Space," of this development code.

***Cash-in-Lieu Option***                      Yes

***Formula***

In all cases where the cost of a local improvement is assessed wholly or in part upon the real property within the district, the cost shall be assessed in proportion to the special benefit received. Such assessment may be made in a frontage, area, zone, unit or other equitable basis according to special benefits, as determined by the city council. Two or more methods of assessments for different kinds of improvements may be included in a single district.

***Park Improvement Fees***

Community and Neighborhood parks are funded by the Park Improvement Fund which is comprised of park improvement fees paid by home builders. The fee is paid at the time of application for building permits. Only new residential housing units pay this fee. A new Interim Park Fee was established in October 2012 with a sliding fee scale. Longmont's Park Improvement Fee is one of the most progressive in the state using actual costs for land, and past project costs (design and construction) as the basis for the fee. It is considered an Impact Fee, so can only be used for expansion to the existing park system. The 2012 interim park improvement fee is \$4,470 for single family detached residential, and \$2,193 for other residential. This fee will be reevaluated with the Parks, Recreation and Trails Master Plan study currently underway. The 2012 park improvement fee amount prior to this interim update was \$5,253.

<b><i>Actual Achievement</i></b>	Population:	87,712
	Parks:	2,350 Acres
	Trails:	93.6 Miles

***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Longmont Website - <http://www.ci.longmont.co.us/parkmasterplan/documents/LongmontParksRecTrailsMPPublicDraft041213Web1.pdf>

**CITY OF THORNTON, CO**

***Jurisdiction Definition of Parks/Open Space***

Park (Pocket, Neighborhood, Community): This classification includes all park lands and irrigated detention areas within residential areas.

Designated Open Space: Designated open space areas are parcels intentionally protected from development and set aside for unstructured recreation and the appreciation of natural surroundings.

Open Land: This classification includes all trail corridors, irrigated or non-irrigated detention areas maintained by the city, undeveloped future park, recreation and open space land currently owned by the City.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

10 improved acres per 1,000 residents for parks, open space, and trails

***Cash-in-Lieu Option***                      Yes

***Formula***                                      \$1.50/SF for Residential; \$3.00/SF for Commercial

***Park Improvement Fees***

Dedicated land shall be improved in accordance with recreation design guidelines, landscape standards incorporated in Thornton's Development Code and Standards and Specifications for Design and Construction of Public Improvements, and the Parks and Open Space Master Plan. At its discretion, the City may collect a park development fee from the developer and construct improvements on land dedicated to meet PLD requirements, rather than requiring the developer to construct improvements.

<b><i>Actual Achievement</i></b>	Population:	121,211
	Parks:	707.5 Acres
	Designated Open Space:	927.7 Acres (includes areas not open to public)
	Open Land:	544.5 Acres (includes areas not open to public)
	Off- Street Trails:	117 miles

***Source Information/Jurisdiction Contact Information (2013 Update)***

- 2012 City of Thornton Parks and Open Space Master Plan Update

**CITY OF WESTMINSTER, CO**

***Jurisdiction Definition of Parks/Open Space***

The City of Westminster’s park and recreation system consists of a broad range of parklands, open spaces, golf courses, libraries and recreation facilities. The City administers and maintains 54 developed parks, ranging in size from 0.7 acres to 2,327 acres, for a total of over 2,964.64 acres of park and undeveloped park land (excluding golf courses). In recent years, the City has also acquired several open space parcels in drainageways and as environmental conservation or view preservation areas.

***Land Dedication Requirement or Fee-In-Lieu (Parks/OS)***

The city requires that land be dedicated by developers of residential projects for parks and other public users. Residential developers are required to dedicate 12 acres per 1,000 projected future residents.

Developers pay a cash-in-lieu fee if land is not donated. The fee is based on the amount per acre paid for the property.

Trail Program: Developers are required to install at their expense any trails shown on the city’s Official trail plan, which cross their property.

***Cash-in-Lieu Option***                      Yes

***Formula***                                      Fee is based upon the amount per acre paid for the property

***Park Improvement Fees***

Park Development Fees:

- SFD: \$1,753 per unit
- SFA: \$1,427 per unit (under 8 dwelling unites/AC)
- MF: \$1,169 per unit (over 8 dwelling units/AC)

<b><i>Actual Achievement</i></b>	Population:	107,967
	Trails:	75 miles
	Developed Parks:	2,929 AC
	Open Space:	2,557.53 AC
	Conservation Easements:	385.39 AC

***Source Information/Jurisdiction Contact Information (2013 Update)***

- City of Westminster Website
- City of Westminster - Planning and Community Development Programs; Department of Community Development  
March 2011
- Sarah Washburn, RLA, City of Westminster Department of Parks, Recreation and Libraries  
swashbur@CityofWestminster.us



## Board Summary Report

**Date:** August 16, 2016  
**To:** Board of County Commissioners  
**From:** Dennis Lyon, Chairman, Arapahoe County Retirement Board  
**Subject:** Annual Update on Arapahoe County Retirement Plan

### Request and Recommendation

The purpose of this study session is to provide to the Board of County Commissioners an annual update as to the status of the Arapahoe County Retirement Plan. The Retirement Board will present a brief overview of the Plan. The Plan Actuary, Gabriel, Roeder, Smith and Company, will provide the results of their most recent actuarial analysis of the Plan. Any questions as to the Plan status would certainly be welcomed. The Retirement Board is not requesting any changes at this time, but is giving rise to the notion that changes in the future may be appropriate to maintain the financial sustainability of the Plan. On behalf of the Plan Trustees, I would like to thank the Commissioners for their continued support of this valuable employee benefit.

### Background

Traditionally the Arapahoe County Retirement Board has an annual study session with the Board of County Commissions to review the Plan status and provide an outlook going forward. During some years, the Retirement Board has asked for contribution increases from both the employer and employee to ensure the Plan meets employee pension obligations. In the past, there has been a discussion, led by the Actuary, summarizing the latest financial Plan projections and focusing on the funded status of the Plan. This is also an opportunity to review the Plan and its future financial sustainability, and to layout various scenarios which may require consideration in the near future. This meeting is a continuation of that annual process and is informational only in nature.

### Discussion

Over the past year, the County has continued to add to its ranks at a steady pace, and the payroll grew at an unexpected rate from 2015 to 2016, which can help spread the unfunded liability over a greater payroll base. Unfortunately, 2015 was not a great year for asset returns, with the Plan having a net loss of 1.3% on a market value basis. Thus, a combination of asset and liability losses decreased the funded status and increased the contribution shortfall. (Asset losses for 2015 were a -1.3% Rate of Return ("ROR") on a market value basis and just 5.3% on an actuarial value basis, and the liability losses for 2015 were driven by salary increases that were greater than assumed with a January 1, 2016 effective date). The Plan has used an expected ROR of 7.5% for approximately the last ten years, and the data set forth below shows how the Plan has actually done over the last decade.

- Over the history of the Plan, investment earnings have averaged about 8.4%
- In 2015 the earnings were -.67%
- Over the 3 years ending 12/31/2015 earnings have been 6.31%/yr.
- Over the 5 years ending 12/31/2015 earnings have been 5.8%/yr.
- Over the 10 years ending 12/31/2015 earnings have been 4.31%/yr.

As of 4/30/2016, the Plan has total investments of about \$269,021,820.00. These investments are diversified across a wide range of areas. Currently we have funds invested with sixteen different managers in the following proportion:

- Domestic Equity – 32.5%
- International Equity – 19.1%
- Domestic Fixed Income – 15.9%
- Real Estate – 20.1%
- Hedge Fund – 10.8%
- Private Equity - .3%
- Short term operating – 1.3%

Each month the Retirement Board analyzes these investments with the assistance of our investment advisor and evaluates the best investment position for the Plan. The Plan goal is to balance risk with our required return on investments. The Retirement Board is committed and dedicate their efforts continuously on this goal.

The Arapahoe County defined benefit pension plan is a valuable key employee benefit, with many employees, after providing years of service to the County, making use of their retirement plan. From January 1 through July 1, 2016, there have been 29 County employees who have retired. To date there are approximately 907 past County employees and beneficiaries currently drawing a retirement benefit.

Per an analysis of the May benefit payment register the range of monthly payments at that time included:

< \$1,000 per month	262 retirees
\$1,001 - \$2,000 /mo.	250
\$2,001 - \$3,000 /mo.	183
\$3,001 - \$4,000 /mo.	115
\$4,001 - \$5,000 /mo.	58
\$5,001 - \$6,000 /mo.	24
>\$6,000 /mo.	15

The above 907 benefit recipients in May received an average benefit per month of \$2,046. It should be remembered that our plan has no cost of living adjustments. If an employee retires at age 65 with a benefit of \$2,000 a month that benefit will still be \$2,000 a month twenty years later when the retiree is 85 years old.

**Alternatives**

The Arapahoe County Retirement Board makes its decisions based upon a specific set of assumptions, based upon current conditions, and planning for the future; and it only takes one of the many assumptions to deviate from the plan that is in place to create new unexpected results. Based upon the assumptions used in prior years the plan was on track to reach a funded rate of 90% by year 2044, taking into account minor deviations through the years. But in 2015 the ROR

on investments went negative for the first time since 2009. This negative return combined with the larger than expected pay increase effective for year 2016 were two unexpected events which although don't seem to be huge factors individually have thrown the Plan off its path towards the 90% funded ratio in 2044. There is the possibility that the Plan without some adjustments would never reach the 90% funded level and may actually start on a slow but steady downward trajectory.

The Arapahoe County Retirement Plan has very few variables that can be adjusted over time to alleviate any negative occurrences. The Plan currently has fixed benefits combined with fixed contributions, with the primary unknown being the Rate of Return on investments, of which there is very little control other than the asset allocation and selection. The Retirement Board takes asset allocation and selection very seriously and does what it can.

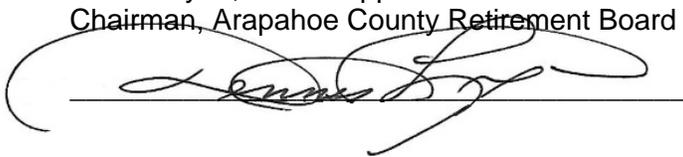
In the area of benefits, there will be a sunset of SB 12-149 on July 1, 2017, which allowed modifications to the benefits and age and service requirements for a defined benefit plan if the Retirement Board determines that the modifications are required to ensure the sustainability of the plan. Such modifications shall not adversely affect vested benefits already accrued; including but not limited to benefits of retired members or members eligible to retire as of the effective date of the modification, unless otherwise permitted by Colorado or federal law. The Retirement Board made changes to the Plan under SB 12-149 effective January 1, 2014. These changes will take time to show their net effect on the Plans funded status.

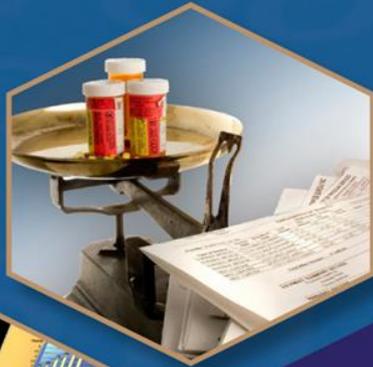
Generally speaking, plan design changes to age and service requirements made after July 1, 2017 could only be for employees not yet hired, and these types of changes take a number of years to show any kind improvement to the funded ratio and unfunded liability. To improve the Plan's funded status, with the sunset of SB 12-149, the Retirement Board believes that the contribution rate is a variable that can be adjusted, which is why we have included in the handout material projections with an increased contribution rate to be shared equally by both employee and employer. As in the past, these types of contribution increases can be phased in over a period of time. Included in the materials will be a peer comparison of other like plans and their contributions rates, which are in addition to the required social security contribution in all examples but PERA.

**Fiscal Impact**

The Board recognizes and appreciates the financial support provided to the Plan by the BOCC. There is no immediate fiscal impact on the County from this presentation; but the Arapahoe County Retirement Board would like to go on record that future contribution increases will likely be required to keep the Plan on track to meet its 90% funded long range plan and this presentation hopefully spells out what we believe to responsible and viable solutions.

Dennis Lyon, BOCC Appointee  
Chairman, Arapahoe County Retirement Board

A handwritten signature in black ink, appearing to read "Dennis Lyon", is written over a horizontal line. The signature is stylized and cursive.



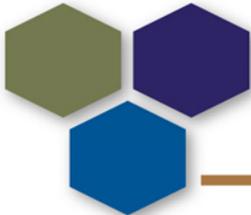
# Arapahoe County Retirement Plan

Update to the Board of County Commissioners  
Actuarial Valuation Results as of January 1, 2016  
August 16, 2016

Leslie Thompson, FSA, FCA, EA, MAAA  
Paul Wood, ASA, FCA, MAAA



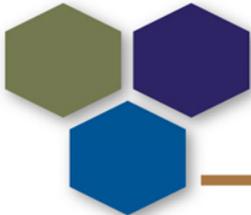
**Gabriel Roeder Smith & Company**  
Consultants & Actuaries  
[www.gabrielroeder.com](http://www.gabrielroeder.com)



# What's New

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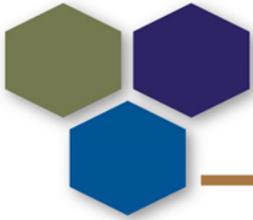
- ◆ Review of Valuation Results
- ◆ Where is the Plan Heading?
- ◆ GASB 67 and 68



# Other happenings

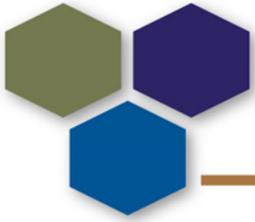
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- ◆ The County continues to hire...
  - ▶ 1,904 - 2016
  - ▶ 1,881 - 2015
  - ▶ 1,790 - 2014
- ◆ Payroll growth (one year):
  - ▶ 1.2%: From increase in counts (1881 -> 1904)
  - ▶ 6.3%: From increase in average pay (\$56,993 -> \$60,550)
  - ▶ 7.5%: Total payroll growth
  - ▶ Assume 3.25%
  - ▶ More payroll to spread the unfunded liability over
- ◆ Liability losses (one year):
  - ▶ Driven by salary increases that were greater than assumed
  - ▶ Across the board salary increase January 1, 2016
- ◆ Asset losses (one year):
  - ▶ -1.3% ROR on a market value basis
  - ▶ 5.3% on an actuarial value basis



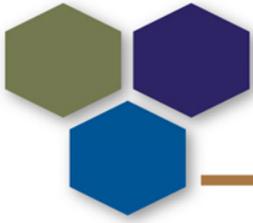
# Results, Funded Status Summary

<b>Funded Status Summary (\$ in millions)</b>		
<b>Valuation Date</b>	<b>January 1, 2016</b>	<b>January 1, 2015</b>
Accrued Liability	\$427.1	\$405.2
Actuarial Value of Assets (smoothed)	276.4	269.4
Unfunded Accrued Liability	\$150.7	\$135.8
Funded Ratio	64.73%	66.49%
Market Value of Assets	\$263.5	\$275.0
Unfunded Accrued Liability	\$163.6	\$130.2
Funded Ratio	61.70%	67.87%

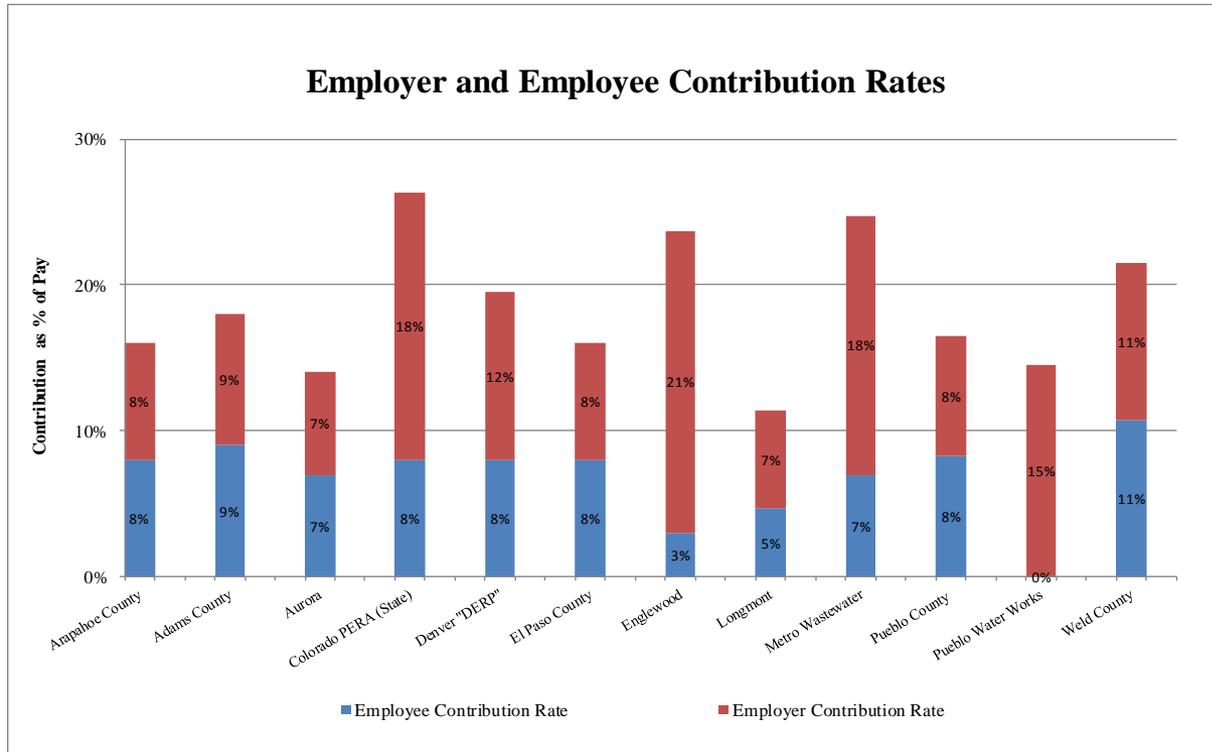


# Results, Contribution Requirement

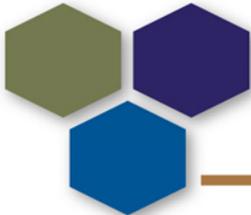
<b>Contribution Requirement Summary</b> <b>All Numbers Reported Middle of Year, Percent of Pay</b>		
<b>Fiscal Year Beginning</b>	<b>January 1, 2016</b>	<b>January 1, 2015</b>
Total Annual Required Contribution	19.52%	19.44%
Estimated Member Contribution	8.00%	8.00%
Net Annual Required Contribution	11.52%	11.44%
Estimated County Contribution	8.00%	8.00%
Contribution Shortfall	3.52%	3.44%



# Local Peer Comparison



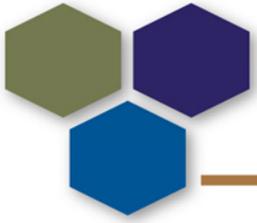
- Pueblo Water Works are the only plans without mandatory contributions to the retirement plan
- Average of peer group: employee contributions of 6.8%, employer contributions of 11.7%
- Colorado PERA does not participate in Social Security



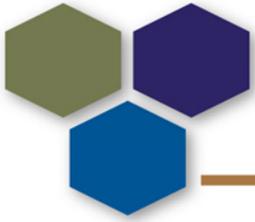
# Summary

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- ◆ Asset and liability losses decreased the funded status and increased the contribution shortfall
- ◆ Deferred asset losses will put upward pressure on the required contribution rate
- ◆ Monitor improvement in funded progress
  - ▶ Plan can no longer sustain adverse deviation and maintain an upward trajectory of funded ratio



Where is the Plan Heading?



# Thirty Year Projection Current Design and Funding Policy

Valuation Year	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Normal Cost %	Amortization of Unfunded Liability %	Total Contribution Requirement %	Total Contribution Requirement \$	Actual Contribution Rate
2016	\$ 427	\$ 276	\$ 151	64.7%	10.02%	9.50%	19.52%	\$ 22.5	16%
2017	446	290	156	65.0%	9.90%	9.51%	19.41%	23.2	16%
2018	465	301	163	64.8%	9.80%	9.63%	19.43%	24.0	16%
2019	484	310	174	64.1%	9.71%	9.90%	19.61%	25.0	16%
2024	578	370	208	64.0%	9.41%	10.07%	19.48%	29.3	16%
2029	671	433	238	64.5%	9.23%	9.84%	19.07%	33.6	16%
2034	765	496	269	64.8%	9.13%	9.48%	18.61%	38.4	16%
2039	868	568	300	65.5%	9.08%	8.99%	18.07%	43.8	16%
2044	988	660	328	66.8%	9.05%	8.38%	17.43%	49.6	16%

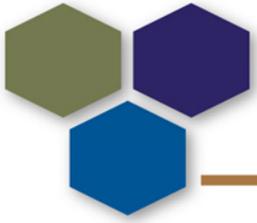
- ◆ Assumes 7.50% investment return on assets per year
- ◆ Funded ratio does not significantly grow over the next 30 years
- ◆ Contribution shortfalls relative to the current EE/ER contribution rates persist
- ◆ The Plan must rely on better than expected asset performance or contribution increases to get back on a trajectory to full funding

# Thirty Year Projection

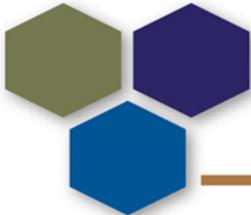
What contribution rate is needed to get back to 90% funded ratio?

Valuation Year	Accrued Liability	Actuarial Value of Assets	Unfunded Liability	Funded Ratio	Normal Cost %	Amortization of Unfunded Liability %	Total Contribution Requirement %	Total Contribution Requirement \$	Actual Contribution Rate
2016	\$ 427	\$ 276	\$ 151	64.7%	10.02%	9.50%	19.52%	\$ 22.5	16.0%
2017	446	290	156	65.0%	9.90%	9.51%	19.41%	23.2	16.0%
2018	465	301	163	64.8%	9.80%	9.63%	19.43%	25.1	17.8%
2019	484	312	171	64.6%	9.71%	9.77%	19.48%	26.0	17.8%
2024	578	388	190	67.1%	9.41%	9.19%	18.60%	29.4	17.8%
2029	671	476	195	71.0%	9.23%	8.05%	17.28%	32.0	17.8%
2034	765	578	187	75.6%	9.13%	6.58%	15.71%	34.3	17.8%
2039	868	710	158	81.8%	9.08%	4.73%	13.81%	35.6	17.8%
2044	988	892	96	90.2%	9.05%	2.46%	11.51%	35.3	17.8%

- Assumes 7.50% investment return on assets per year
- Assumes 8.90% contribution rate by County and employees starting in 2018
- Funded ratio reaches 90% in 2044



# GASB 68

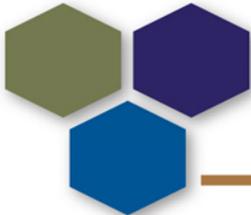


# GASB 68

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- ◆ GASB 68 replaces GASB 27 for the County year end 12/31/2015
  - ▶ Previously reported Net Pension Obligation
  - ▶ Now report Net Pension Liability – bigger and more volatile

<u>County Reporting Date</u>	<u>Accounting Standard</u>	<u>Measure Reported</u>	<u>Liability on County's Books (\$ in millions)</u>
December 31, 2014	GASB 27	Net Pension Obligation	\$38.2
December 31, 2015	GASB 68	Net Pension Liability	\$129.7
December 31, 2016	GASB 68	Net Pension Liability	\$161.9



## GASB 67 and 68

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- ◆ Special GASB prescribed projection used to determine discount rate assumption used
- ◆ Able to use 7.50% for both reporting years under GASB 68 so far
- ◆ Arapahoe County is on the cusp of having to use a lower rate
  - ▶ Any further adverse experience could result in a discount rate lower than 7.50%
  - ▶ Would increase the reported obligation further



## Board Summary Report

**Date:** August 2, 2016  
**To:** Board of County Commissioners  
**Through:** Janet Kennedy, Finance Director  
**From:** Shawn Sonnkalb, Finance Accounting Manager  
**Subject:** Presentation of the 2015 Comprehensive Annual Financial Report and Audit Report

**Direction/Information:** This study session is informational only. Staff will provide a copy of the December 31, 2015 Comprehensive Annual Financial Report (CAFR) which includes the Auditor's Report and the Single Audit Reports, also known as the 2015 CAFR. The auditors will be presenting their report and be available for any questions.

### Request and Recommendation

This study session is informational only regarding the CAFR for the Year-Ended December 31, 2015.

### Background

Copies of the Comprehensive Annual Financial Report (CAFR) have been delivered to the Board of County Commissioners prior to the study session for their review.

### Links to Align Arapahoe

The 2015 CAFR is in alignment with the "Fiscal Responsibility" as it presents to the BoCC, the Elected Officials and Department of the County, and constituents of the County our fiscal health and stewardship of tax payer money for fiscal year 2015.

### Discussion

The County's independent external auditors, CliftonLarsonAllen, LLP (CLA) have concluded their audit of the fiscal year 2015 CAFR. They have provided their auditors report along with their single audit reports and issued "Unqualified Opinion" (clean opinion) over the 2015 CAFR. CLA did not issue any findings in conjunction with their work over the 2015 CAFR and Schedule of Expenditure of Federal Awards and did not issue any management letter comments as well.

### Alternatives

None

### Fiscal Impact

There is no fiscal impact – this is for informational and discussion purposes only.

### Reviewed by

Finance Department  
County Attorney's Office