

Reply to Common Council File No. 021153

From DOA-Budget and Management Division

October 19, 2004

Ref: 04003

Common Council File 021153 contains a resolution to ratify and confirm final agreements between the City of Milwaukee and Milwaukee District Council 48, AFSCME, AFL-CIO. This file includes two separate agreements that cover the periods of January 1, 2003 through December 31, 2003 and January 1, 2004 through December 31, 2006. Approximately 1,900 city employees are represented by this bargaining unit.

The agreements provide annual salary increases of 3.00% for 2003, 2004, 2005 and 2006. **The estimated costs of these increases (salaries, overtime, life insurance, term leave, worker's compensation and unemployment compensation rollups) are \$2,365,104 in 2003, \$4,739,922 in 2004, \$7,185,985 in 2005 and \$9,705,429 in 2006.** The cumulative cost over the four years is \$23,996,440.

**Pension and Annuity and FICA costs related to the salary increases are estimated at \$3,277,348 over the life of the contracts.** Although the cost increase related to pension benefits is attributed to the year in which salary costs and benefits are changed, the actual budget impact depends on the actuarial assumptions and pension fund earnings. There are two pension benefit changes in this contract: the extension of the sunset provision for military credit to December 31, 2006 and the ability of employees retiring on or after January 1, 2005 to credit up to one year of hours worked as City Laborer – Seasonal or Playground Laborer Seasonal toward their service retirement allowance.

**Health insurance changes are projected to save the city \$889,046 in 2005 and 2006.** The Basic Plan employee contribution increases to \$60 per month for single enrollment and \$120 per month for family enrollment (from \$50 single/\$100 family) effective January 2005 and to \$75 single/\$150 family effective January 2006. For employees who retire on or after January 1, 2005, Basic Plan enrollment will cost \$30 per month for single and \$60 per month for family coverage. For other plans, the city will pay 100% of the lowest plan premium toward the retiree cost (same as active employees).

Other significant changes include:

- A onetime, non-pensionable lump sum payment of \$100 per employee for a total cost of \$236,413 in 2004.
- Miscellaneous Special Pay Practice changes for union locals that total \$296,066 over the life of the contract.
- An increase in Tuition Reimbursement benefit from \$1,000 to \$1,200 each year.
- Continuation of the Sick Leave Incentive Program through Pay Period 26, 2006.
- Miscellaneous changes to funeral leave, clothing allowances, and joint labor management committees.

Any ordinance changes necessary for the implementation of this contract will be discussed in separate Common Council File(s).

**RECOMMENDATION: ADOPT THE RESOLUTION INCLUDED IN THIS FILE APPROVING THE 2003 AND 2004-2006 LABOR AGREEMENTS WITH DISTRICT COUNCIL 48, AFSCME, AFL-CIO.**



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