

Calculation of Costs:

The City is to pay \$201,631.45 in attorney's fees out of the damages and claims account. (To be paid out of damages and claims).

The accrued liability to the pension fund will increase by \$823,000 (0.021%), but the City is not required to pay the \$120,900 in actuarially determined annual cost because the fund is actuarially over funded.

The City is to pay this year only \$6,206.42, in members' contribution for the retired members. (To be paid out of member's contribution account.)

The City is to pay in the future the one year increased contribution (the amount to be determined at the time of the retirement of each individual) on behalf of those members who have not been appointed as PAO or promoted to a higher paying position before retirement so that they are eligible to retire based upon a PAO final average salary. (To be paid out of member's contribution account.)

The City will pay the higher pay and benefits earned by those officers promoted to PAO. (out of pocket salary cost are estimated to be \$136,337 for 2005; total additional salary over 15 years estimated to be a maximum of \$1,898,389.39). (To be paid out of the police salary account.)

Calculation of Cost Savings:

The savings cannot be determined exactly because we cannot predict the outcome of the litigation, but we can conclude, based on the savings created by use of civilians that the settlement will result in substantial savings.

Additional cost to the City in the event of the failure to settle would consist of the future cost of salaries and benefits, and the cost of back wages and benefits.

The current annual difference in cost between a top step PAO and a civilian dispatcher is \$476.70 per pay period, or \$12,394.27 annually. Multiplying the annual difference by 58, we arrive at an annual cost of \$718,867.66. Over 15 years this would amount to \$10,783,015. Costs would continue thereafter indefinitely.

If the City, in the course of future labor contract negotiations or arbitration, succeeded in replacing PAO with civilian dispatchers, damages would be limited to lost salary and wages from the time the PAO positions were replaced with civilians until the time the new labor agreement went into effect. This would result in back pay and pension liability plus interest. In addition, the City would have to offer the MPA some form of increased benefit to induce the MPA to agree to civilian dispatchers or to pursued an arbitrator to permit the city to replace PAO with civilian dispatchers.