

Reply to Common Council File No. 131263
From DOA-Budget and Management Division

January 17, 2014

Ref: SF 14019

File number 131263 contains a substitute ordinance to further amend the 2014 rates of pay of offices and positions in the City service.

The current OWD entry level (minimum) is \$31,101 annually, or \$14.95 per hour. This file proposes to increase the entry level to \$18.06 per hour, or \$37,556 on an annual basis. The substitute ordinance would make no other changes.

The Department of Public Works-Operations Division currently is recruiting up to 20 persons to appoint to vacant Operations Driver Worker (ODW) positions. ODWs play a central role in City services such as garbage collection, recycling, and snow and ice removal operations. Reportedly 15 of the 29 eligible individuals have removed themselves from the recruitment, presumably due to the wages and benefits associated with an entry level appointment. Apparently only nine of these individuals remain interested in an appointment.

Under a companion file (CC File No. 130782), an ordinance change provides ODWs with fringe benefit eligibility immediately upon appointment, as opposed to an existing deferral period of 2,080 hours.

The City's health care benefit plan and defined benefit pension plan are superior relative to the benefit design that most private sector employers offer. Presumably the ordinance change contained in File 130782, if adopted, would also materially improve the City's competitive recruitment position.

DER reports that wage rates in the private sector and other local government jurisdictions support a higher ODW recruitment pay level. For example, the Budget and Management Division has found that the Cities of Madison, Wauwatosa, and Racine offer comparable positions a higher entry level rate than the proposed \$18.06, and the entry rate for the City of Green Bay is essentially the same as this proposed rate. While the City of Milwaukee's fiscal capacity is arguably less robust than these communities, competitive disadvantages should be considered.

Based on a projected appointment of 20 new hires in 2014, plus increasing the pay of 4 current ODWs to the proposed entry level of \$18.06, the file generates an estimated annual fiscal impact of \$155,500. The 2014 impact is estimated as \$147,700. It is uncertain as to whether this amount can be absorbed within existing 2014 appropriations.

There may be a concern that an increase of this magnitude could generate pressure for adjustments to other pay grades within DPW and other City departments. Having said that, ODWs provide core City services and there appears to be justification for this proposed action. A substantial level of ongoing

vacancies will affect service levels which are financed by user charges, making any significant decline in service politically salient. Initiatives to improve safety and automate operations, where feasible, are sustainable approaches to cost control which eventually should more than offset the cost of this proposal.

If the Committee is concerned about the potential for collateral salary ordinance proposals resulting from this proposed action, it could defer action on any such other proposals until the upcoming Budget process.

RECOMMENDATION: Adopt File Number 131263.



Mark Nicolini
Budget & Management Director

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