

LRB – FISCAL REVIEW SECTION ANALYSIS

SEPTEMBER 21, 2005 AGENDA

ITEM 10, FILE 050475

FINANCE & PERSONNEL COMMITTEE

JAMES CARROLL

File #050475 is a substitute charter ordinance relating to retirement benefits for certain city employees.

Background

1. This charter ordinance codifies provisions relating to retirement benefits that are included in the final agreement between The City and the Milwaukee Professional Fire Fighters Association (File #041338) and the City and Local #494, International Brotherhood of Electrical Workers, AFL-CIO, Fire Equipment Dispatchers File (#021167).

Discussion

This substitute charter ordinance incorporates the following retirement benefits for certain city employees represented by Local 215, Fire Fighters Association and Local 494, IBEW, AFL-CIO, Fire Equipment Dispatchers.

1. Local 215, Fire Fighters Association

- The first \$1,000 of EMT II pay for applicable firefighters is included in the final average salary for pension purposes for firefighters retiring in 2006; previously EMT II pay was not included for pension purposes.
- Effective in 2004 certain firefighters are first entitled to training standards pay, and effective for firefighters retiring on and after January 1, 2004, the first \$400 of training standards pay shall be included in the final average salary for pension purposes.

2. Local 494, IBEW, AFL-CIO, Fire Equipment Dispatchers

- Creditable service for military service: one year of creditable pension service for each 3 years of military service for employees retiring on a service retirement on and after January 1, 2003 through December 31, 2006.
 - Creditable service for time worked as a city-laborer seasonable or playground laborer-seasonal (MPS): one year of creditable pension service for each 5 years of such service for employees retiring on a service retirement on or after January 1, 2005.
3. This charter ordinance provides that a firefighter becoming a member of the retirement system after the effective date of this charter ordinance and who applies for or is granted a duty disability retirement allowance based on a

mental injury, that the medical council rather than the medical panel is the body which makes recommendations to the annuity and pension board on such matters (the medical council consists of 3 physicians selected by the annuity and pension board; the medical panel has 3 physicians consisting of one member selected by the city, one by the bargaining agent for affected policemen, and the third by the other 2 physicians).

Fiscal Impact

According to a letter dated September 6, 2005, Buck Consultants estimates of the fiscal impact of including the first \$1,000 of EMT II pay for applicable firefighters in the final average salary for pension purposes for firefighters retiring in 2006 are summarized in the table below:

Item	Combined Fund
Increase In Actuarial Liability	\$336,000
(Decrease) in Funded status	(0.012)%
Increase in Employer Cost	\$8,000
Increase in Actuarially determined Employer Contribution	Nil
Increase in Annual – Paid Member Contributions Commencing in 2005	\$10,500

According to a letter dated September 2, 2005, the Buck Consultants estimates of the fiscal impact of including the first \$400 of training standards in the final average salary for pension purposes are summarized in the table below:

Item	Combined Fund
Increase In Actuarial Liability	\$882,000
(Decrease) in Funded status	(0.029)%
Increase in Employer Normal Cost	\$17,000
Increase in Actuarially determined Employer Contribution	Nil
Increase in Annual – Paid Member Contributions Commencing in 2005	\$25,000

Cc:	Marianne Walsh Anne Bahr W. Martin Morics Dave Kwiatkowski Mark Nicolini	Prepared by: Jim Carroll, X8679 LRB Fiscal Review September 20, 2005
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