



Department of Employee Relations

October 20, 2016

Tom Barrett
Mayor

Maria Monteagudo
Director

Michael Brady
Employee Benefits Director

Deborah Ford
Labor Negotiator

To the Honorable
The Committee on Finance and Personnel
Common Council
City of Milwaukee

Dear Committee Members:

Re: Common Council File Number **160889**

On May 18, 2016, the United States Department of Labor (DOL) issued final rules updating overtime regulations under the Fair Labor Standards Act (FLSA). The most critical change includes an increase in the salary threshold needed for Executive, Administrative and Professional Workers to be exempt from overtime provisions of the act. The change, effective December 1, 2016, increases this threshold amount from \$23,660 annually to \$47,476. The rules also include an automatic threshold increase provision every three years with the first update effective January 1, 2020. (The amount will be determined by the 40th percentile of earnings full-time salaried workers in the lowest-wage Census region within the country).

A review of rates of pay within the Salary Ordinance reveals that there are four FLSA exempt pay ranges with rates of pay that will be below the new threshold of \$47,476. Two of these pay ranges have a higher minimum rate of \$48,294.22 but are included because the nonresident rate (2.5% below the resident rate per Common Council action in 2013 and 2014) is \$47,109.42 at the minimum and is lower than the new threshold of \$47,476.

To maintain the FLSA exempt status for positions in these pay ranges, we recommend increasing the minimum of these pay ranges to \$1,871.92 biweekly (\$48,669.92 annual). This will allow for a nonresident employee hired at the 2.5% reduced rate at the minimum to meet the new FLSA threshold of \$1,826.00 biweekly (\$47,476.00 annual).

Pay Range	Current Rates	Nonresident Minimum 2.5% Less	Proposed Rates	Nonresident Minimum 2.5% Less
1AX	\$45,305.78 - \$63,426.48		\$48,669.92 - \$63,426.48	\$47,476.00
2EX	\$45,305.78 - \$63,426.48		\$48,669.92 - \$63,426.48	\$47,476.00
1BX	\$48,294.22 - \$67,615.60	\$47,109.42	\$48,669.92 - \$67,615.60	\$47,476.00
2FX	\$48,294.22 - \$67,615.60	\$47,109.42	\$48,669.92 - \$67,615.60	\$47,476.00

We also recommend adjusting the salary of employees in these pay ranges who are paid at a rate below the new threshold of \$1,871.92 biweekly (\$48,669.92 annually) if a resident, or the appropriate non-resident rate in accordance with relevant provisions of the Salary Ordinance.

This recommendation has an immediate impact on 32 employees. A list of their titles and location are included in the addendum.

The total cost of this recommendation to bring the City into compliance with the FLSA is projected to be



\$10,113.15 for 2016 and \$87,647.32 for 2017. The Department of Employee Relations has discussed this fiscal impact with the Budget and Management Division and the expectation is that salary cost increases would be absorbed within the individual department budgets in 2016 and 2017.

To implement these changes the Salary Ordinance would need to be changed as follows, effective Pay Period 25 (November 20, 2016):

Under Pay Ranges 1AX, 1BX, 2EX, and 2FX the new minimum rate of pay would be:

Hourly	23.40
Biweekly	1,871.92
Annual	48,669.92

Sincerely,



Maria Monteagudo
Employee Relations Director

MM:fcw

Attachments: Addendum and Fiscal Note

C: Mark Nicolini, Dennis Yaccarino, John Ledvina and affected Department Heads and Payroll Personnel

Addendum

List of Titles and Location of 32 Employees whose Salaries Need to be Adjusted (As of October 13, 2016)

Administration

- Administrative Specialist – Senior in PR 2EX
- Budget and Management Analyst – Senior in PR 2FX
- Business Analyst – Senior in PR 2EX
- Purchasing Agent – Senior in PR 2EX (Two Positions)

City Development

- Community Outreach Liaison in PR 2EX

Common Council/City Clerk

- Legislative Fiscal Analyst - Associate in PR 2EX

Employee Relations

- Claims Adjuster - Senior in PR 2EX
- Management Trainee in PR 2EX (Five Positions)

Fire

- Network Coordinator Associate in PR 2EX

Fire and Police Commission

- Recruiter in PR 2FX

Health

- Administrative Specialist - Senior in PR 2EX
- Emergency Preparedness Coordinator – Workforce Development in PR 2FX
- Injury and Violence Prevention Program Coordinator in PR 2FX (Two Positions)
- Mechanical Maintenance Supervisor in PR 1BX

Library

- Administrative Specialist - Senior in PR 2EX

Mayor's Office

- Community Outreach Liaison in PR 2EX

Police

- Sensitive Crimes Project Coordinator in PR 2EX

Port of Milwaukee

- Trade Development Representative in PR 2FX

Public Works – Administration Services

- Human Resources Analyst - Senior in PR 2FX

Public Works – Infrastructure Services

- Inventory Manager in PR 1AX
- Street Repair Supervisor in PR 1AX (Two Positions)

Public Works - Parking

- Parking Enforcement Supervisor in PR 1AX (Two Positions)

Public Works – Water Works

- Network Coordinator Associate in PR 2EX (Two Positions)



City of Milwaukee Fiscal Impact Statement

A

Date 10/21/16 **File Number** 160889

Subject The implementation of Fair Labor Standards Act (FLSA) overtime rules and regulations.

B

Submitted By (Name/Title/Dept./Ext.) Sarah Trotter, Human Resources Representative
Dept. of Employee Relations/X2398.

C

This File

- Increases or decreases previously authorized expenditures.
- Suspends expenditure authority.
- Increases or decreases city services.
- Authorizes a department to administer a program affecting the city's fiscal liability.
- Increases or decreases revenue.
- Requests an amendment to the salary or positions ordinance.
- Authorizes borrowing and related debt service.
- Authorizes contingent borrowing (authority only).
- Authorizes the expenditure of funds not authorized in adopted City Budget.

D

This Note Was requested by committee chair.

E

Charge To

- Department Account
- Capital Projects Fund
- Debt Service
- Other (Specify) _____
- Contingent Fund
- Special Purpose Accounts
- Grant & Aid Accounts

F

Assumptions used in arriving at fiscal estimate.

G			
Purpose	Specify Type/Use	Expenditure	Revenue
Salaries/Wages		See attached spreadsheet.	
Supplies/Materials			
Equipment			
Services			
Other			
TOTALS			

H	
<p>For expenditures and revenues which will occur on an annual basis over several years check the appropriate box below and then list each item and dollar amount separately.</p>	
<input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years	_____
<input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years	_____
<input type="checkbox"/> 1-3 Years <input type="checkbox"/> 3-5 Years	_____

I
<p>List any costs not included in Sections E and F above.</p> <hr/>

J
<p>Additional information.</p> <hr/>

Department of Employee Relations
Fiscal Note Spreadsheet

Finance and Personnel Committee Meeting of October 26, 2016

NEW COSTS FOR 2016

Pay Range	Cost of Change in Salary	Effective Pay Period	Multiplier	New Costs	Rollup	Total
1AX	\$437.30	25	3	\$1,311.90	\$223.02	\$1,534.92
1BX	\$14.45	25	3	\$43.35	\$7.37	\$50.72
2EX	\$2,335.38	25	3	\$7,006.14	\$1,191.04	\$8,197.18
2FX	\$94.11	25	3	\$282.33	\$48.00	\$330.33
0				\$8,643.72	\$1,469.43	\$10,113.15

Assume effective date is Pay Period 25, 2016 (November 20, 2016)

COSTS FOR FULL YEAR

Pay Range	Cost of Change in Salary	Effective Pay Period	Multiplier	New Costs	Rollup	Total
1AX	\$437.30	1	26	\$11,369.80	\$1,932.87	\$13,302.67
1BX	\$14.45	1	26	\$375.70	\$63.87	\$439.57
2EX	\$2,335.38	1	26	\$60,719.88	\$10,322.38	\$71,042.26
2FX	\$94.11	1	26	\$2,446.86	\$415.97	\$2,862.83
0				\$74,912.24	\$12,735.08	\$87,647.32

Totals may not be to the exact dollar due to rounding.