



Department of Employee Relations

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January 28, 2010

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

Dear Committee members:

Re: Common Council File Number 091213 & 091283

-Analysis-

This report recommends changes regarding the Automobile Allowance benefit provided to certain Management Pay Plan employees. These changes include elimination of the base rate, establishing the Internal Revenue Service (IRS) standard mileage rate as the reimbursement rate for managers, and eliminating the provision that gives certain managers an automobile allowance equal to that granted to subordinate bargaining unit employees.

In 2009 the City negotiated changes to the Automobile Allowance benefit provided to certain employees represented by a number of labor unions. As a result these employees now receive a base amount of \$75 per month or payment for each mile driven on official City business during the month at the current IRS standard mileage rate, whichever is greater.

In determining the changes the City should implement for Management Pay Plan employees (managers), the Department of Employee Relations, at the request of the Finance and Personnel Committee, conducted an "audit" of mileage reimbursement reports and payments processed for managers during approximately six months in 2009 (May – October).

CURRENT MILEAGE REIMBURSEMENT PROVISIONS

Chapter 350-183 of the Milwaukee Code of Ordinances

ELIGIBILITY: Only employees occupying positions designated in the Positions Ordinance as being eligible for automobile allowance are authorized to be reimbursed.

MILEAGE REPORT: Authorized employees must submit a record of the mileage they have incurred when using their private automobile in the conduct of official City business and attest to the accuracy of such mileage.

APPROVAL: The department head must approve and attest to the accuracy and reasonableness of each mileage report submitted. All payments to employees for 1,000 miles per month or more must be approved by the Finance and Personnel Committee before payment is made.

INSURANCE: Authorized employees must have the minimum insurance coverage prescribed by state law and must declare the use of their private automobile on official City business to their insurance company to protect the City's interests.

RATE SCHEDULE: Mileage reimbursement is made once per month based on the rate schedule presented below. However, in circumstances where a Management Pay Plan employee is paid less than a subordinate bargaining unit employee for the same amount of miles driven, the Management Pay Plan employee is entitled to automobile allowance equal to that granted to the bargaining unit employee by using the appropriate bargaining unit's rate schedule as specified by ordinance or labor contract.

MONTHLY MILEAGE		
Greater Than	But Not Exceeding	Base Amount
0	134	\$ 29.00
135	200	29.00
201	300	59.69
301	400	102.09
401	500	137.59
501	and over	170.59

PLUS ADDITIONAL RATE PER MILE

Miles		
Rate Per Mile	From	To
0	0	134
46.5	135	200
42.4	201	300
35.5	301	400
33.0	401	500
31.0	501	and over

AUDIT FINDINGS

The number of entries reviewed in conjunction with the audit totaled 342 and the number of managers requesting and receiving reimbursement during the audit review period was 84. The following table summarizes the number of managers requesting and receiving reimbursement, the range of miles driven by those receiving reimbursement, and the total reimbursement amounts by department.

Department	# of mgrs	Range of Miles	Total Reimbursement
Assessor's Office	3	26 to 265	\$ 734.37
City Development	4	49 to 233	\$ 608.34

Neighborhood Services	20	0 to 627	\$ 10,068
Dept of Administration	1	18 to 72	\$ 87
DPW - Other than Water	3	21 to 973	\$ 734.49
DPW – Water Works	12	9 to 304	\$ 1,753.80
Fire and Police Comm.	2	43 to 136	\$ 290.93
Health Department	33	3 to 526	\$ 8,433.36
Library	5	6 to 334	\$ 808.58
Port of Milwaukee	1	652	\$ 214.99
TOTAL	84		\$ 23,733.86

The following are the most critical audit findings as they relate to the recommendations that follow.

- (1) The amount of mileage reimbursement for a significant number of entries in the Assessor's Office, Neighborhood Services (DNS), and the Health Department is based on the provision that gives certain managers the same reimbursement rate as their subordinate employees *and not actual miles driven*. The following examples illustrate this point:

In the Assessor's Office, certain District Council 48, AFSCME, AFL-CIO (DC 48) employees are eligible for reimbursement for 250 miles per month when at least one mile is driven on official City business. This, under the terms of the contract, results in a base amount of \$80.89 per month. Managers supervising DC 48 employees eligible for 250 miles also receive a reimbursement equivalent to 250 miles independent of actual miles driven. There were a total of nine entries by managers within the Assessor's Office that were reviewed in conjunction with this audit. Only three entries included miles equal to or greater than 250.

In DNS, certain DC 48 employees are eligible for reimbursement for 300 miles per month even though no actual miles may be driven. This, under the terms of the contract, results in a base amount of \$102.09 per month. Managers supervising DC48 employees eligible for this benefit, also receive a reimbursement equivalent to 300 miles independent of actual miles driven. There were a total 100 entries by managers within DNS that were reviewed in conjunction with this audit. A total of 90 of the 100 entries included a reimbursement amount based on the aforementioned provision. Only 13% had miles equal or greater than 300 while 75% had less than 300 miles, and 2 entries had 0 miles. (An additional 10 entries had 0 miles but the employees received a base reimbursement amount of \$29).

In the Health Department, certain DC 48 employees are eligible for reimbursement for 175, 180, or 300 miles per month. Managers supervising DC 48 employees eligible for this benefit also receive a reimbursement equivalent to the allowance received by the employees they supervise independent of actual miles driven. Of a total of 127 entries reviewed, a total of 83 or 65.3% had 180 or less miles, 35 or 27.5% had between 180 and 300 miles, and 12 or 9.4% had over 300 miles.

- (2) A total of 7 entries included 0 miles driven but reimbursement in the amount of \$276.09 was approved.
- (3) A total of 4 entries included over 500 miles driven in one month. They were from managers in DNS, DPW-Forestry, and the Port of Milwaukee.
- (4) All positions and employees receiving mileage reimbursement during the audit review period were authorized to receive the benefit per the Positions Ordinance.

RECOMMEDATIONS

The City of Milwaukee should adopt a policy that establishes mileage reimbursement rates for Management Pay Plan employees on the basis of *actual miles driven for official City business*. The provision implemented in January of 1985 to give managers an allowance equal to that granted to subordinate employees should be eliminated. Mileage reimbursement for represented employees is a mandatory subject of bargaining and is therefore subject to bargaining strategies and arbitration.

Based on the audit findings, it is recommended that the reimbursement rate for eligible managers be based on the IRS standard mileage reimbursement rate. This benefit is intended as a "reimbursement" benefit not as additional compensation to the managers required to use their private vehicle in the conduct of City business. The 2010 IRS standard mileage rate is .50 cents. This rate is based on an annual study of the fixed and variable costs of operating an automobile.

Respectfully submitted,



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Employee Relations Director

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