

Reply to Common Council File No. 021224
From DOA-Budget and Management Division

December 17, 2002

Ref: 02009

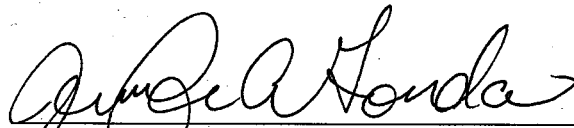
Common Council File No. 021224 is a resolution authorizing appropriation of \$60,000 from the 2002 Common Council Contingent Fund to the Department of Employee Relations Operating Expenditure Account. The 2002 Budget for this account is \$401,033.

The Department of Employee Relations typically budgets only a small amount for grievance arbitration in its annual operating budget. Grievance arbitration expenses are difficult to predict and budgeted funds are based on an average of prior years' experience. To date, grievance arbitration costs have nearly doubled the estimate used for 2002 budgeting purposes.

Similar to grievance arbitration, it is difficult to anticipate when negotiations with a bargaining unit will result in a voluntary settlement. The labor relations section aims to settle all 19 of its bargaining unit contracts voluntarily. Occasionally, however, voluntary resolution with a unit is not possible. Due to the unpredictable nature of these costs, interest arbitration expenses have typically been funded with contingent funds over the years.

The department exhausted all other sources of funding to minimize this Contingent Fund request. The \$60,000 request is therefore lower than originally anticipated. The department will be making additional requests for contingent funding early in 2003, since the majority of expenses related to the MPA interest arbitration will be incurred at that time.

RECOMMENDATION: APPROVE COMMON COUNCIL FILE NO 021224 WHICH APPROPRIATES \$60,000 FROM THE 2002 COMMON COUNCIL CONTINGENT FUND FOR PAYMENT OF UNANTICIPATED GRIEVANCE AND INTEREST ARBITRATION COSTS INCURRED BY THE DEPARTMENT OF EMPLOYEE RELATIONS.



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