

Reply to Common Council File No. 041073
From DOA-Budget and Management Division

December 13, 2004

Ref: 04003

Common Council File 041073 contains a resolution relative to salary and benefit changes for management City employees. This file covers the period of January 1, 2005 through December 31, 2005. Approximately 748 city employees are in this classification.

The resolution provides an annual salary increase of 2.50% in 2005. **The estimated cost of this increase (salaries, overtime, life insurance, term leave, worker's compensation and unemployment compensation rollups) is \$1,299,101.**

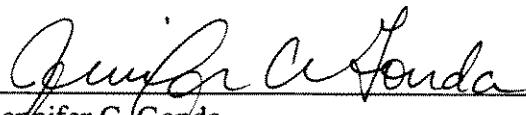
2005 Pension and Annuity and FICA costs related to the salary increase are estimated at \$164,853. Although the cost increase related to pension benefits is attributed to the year in which salary costs and benefits are changed, the actual budget impact depends on the actuarial assumptions and pension fund earnings.

Other significant changes include:

- An increase in Tuition Reimbursement benefit from \$1,000 per year to \$2,400 over 2005 and 2006 for a total cost of \$26,400. Also, more flexibility is given for use of this benefit to pay for job related certifications and professional memberships.
- Expansion of the Sick Leave Incentive Program to provide employees who use no sick leave for an entire year one additional vacation day for a cost of \$58,990.
- Elimination of the six month waiting period for vacation use by new employees.
- A change to allow credit for seasonal labor hours toward employees' service retirement allowance for a cost of \$94,083.
- Expansion of the funeral leave to include a spouse's siblings spouse for a cost of \$9,233.

Any ordinance changes necessary for the implementation of this contract will be discussed in separate Common Council File(s). The city provided adequate funding in the Wage Supplement Fund to cover the costs of this file.

RECOMMENDATION: ADOPT THE RESOLUTION INCLUDED IN THIS FILE APPROVING THE SALARY AND BENEFIT CHANGES FOR MANAGEMENT EMPLOYEES.


Jennifer C. Gonda
Fiscal Planning Specialist

JCG:jcg
041073sr.doc

Reply to Common Council File No. 041074

From DOA-Budget and Management Division

December 13, 2004

Ref: 04003

Common Council File 041074 contains a resolution relative to salary and benefit changes for nonmanagement/nonrepresented City employees. This file includes two separate agreements that cover the periods of January 1, 2003 through December 31, 2003 and January 1, 2004 through December 31, 2006. Approximately 261 city employees are in this classification.

The resolution provides annual salary increases of 3.00% for 2003 through 2006. **The estimated costs of these increases (salaries, overtime, life insurance, term leave, worker's compensation and unemployment compensation rollups) are \$242,211 in 2003, \$485,106 in 2004, \$735,289 in 2005 and \$992,977 in 2006.** The estimated cumulative cost over the four years is \$2,455,583.

Pension and Annuity and FICA costs related to the salary increases are estimated at \$312,652 over the life of the contracts. Although the cost increase related to pension benefits is attributed to the year in which salary costs and benefits are changed, the actual budget impact depends on the actuarial assumptions and pension fund earnings.


A combination of health insurance changes are projected to save the city \$78,070 over 2005 and 2006. The Basic Plan employee contribution increases to \$60 per month for single enrollment and \$120 per month for family enrollment (from \$50 single/\$100 family) effective January 2005 and to \$75 single/\$150 family effective January 2006. For employees who retire on a service retirement allowance on or after January 1, 2005, Basic Plan enrollment will cost \$30 per month for single and \$60 per month for family coverage. For other plans, the city will pay 100% of the lowest plan premium toward the retiree cost (same as active employees).

Other significant changes include:

- A onetime, non-pensionable lump sum payment of \$100 per employee for a total cost of \$30,086 in 2004.
- An increase in Tuition Reimbursement benefit from \$1,000 to \$1,200 in 2006.
- Continuation of the Sick Leave Incentive Program through Pay Period 26, 2006.
- Changes to service retirement allowances and funeral leave for a total cost of \$33,550.

Any ordinance changes necessary for the implementation of this contract will be discussed in separate Common Council File(s). The city provided adequate funding in the Wage Supplement Fund to cover the costs of this file.

RECOMMENDATION: ADOPT THE RESOLUTION INCLUDED IN THIS FILE APPROVING THE SALARY AND BENEFIT CHANGES FOR NONMANAGEMENT/NONREPRESENTED EMPLOYEES.



Jennifer C. Gonda
Fiscal Planning Specialist

JCG:jcg

041074sr.doc