

Reply to Common Council File No. 021156

From DOA-Budget and Management Division

December 14, 2004

Ref: 04003

Common Council File 021156 contains a resolution to approve, ratify and confirm final agreements between the City of Milwaukee and Joint Bargaining Unit Local 139/DC48. 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 27 city employees are represented by this bargaining unit.

The agreements provide 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 \$46,227 in 2003, \$94,779 in 2004, \$144,787 in 2005 and \$196,297 in 2006.** The cumulative cost over the four years is \$482,090.

Pension and Annuity and FICA costs related to the salary increases are estimated at \$57,498 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. There is one pension benefit change in this contract: the extension of the sunset provision for military credit to December 31, 2006 for a cost of \$16,772 through 2006.

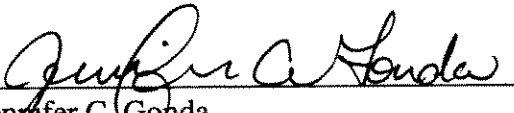
A combination of health insurance changes are projected to save the city \$22,435 over 2005 and 2006. The Basic Plan employee contribution increases to \$60 per month for single enrollment and \$120 per month for family enrollment (from \$50 single/\$100 family) effective January 2005 and to \$75 single/\$150 family effective January 2006. For employees who retire on 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 \$3,164 in 2004.
- An increase in Tuition Reimbursement benefit in 2006 from \$1,000 to \$1,200 per year.
- Continuation of the Sick Leave Incentive Program through Pay Period 26, 2006.
- Miscellaneous changes to funeral leave and service retirement allowances.

Any ordinance changes necessary for the implementation of this contract will be discussed in separate Common Council File(s).

**RECOMMENDATION: ADOPT THE RESOLUTION INCLUDED IN THIS
FILE APPROVING THE 2003 AND 2004-2006 LABOR AGREEMENTS WITH
JOINT BARGAINING UNIT LOCAL 139/DC48.**



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