



Office of the Comptroller  
January 7, 2010

W. Martin Morics, C.P.A.  
Comptroller

Michael J. Daun  
Deputy Comptroller

John M. Egan, C.P.A.  
Special Deputy Comptroller

Craig D. Kammholz  
Special Deputy Comptroller

Ref: Pay Admin

The Honorable Common Council  
Committee on Finance & Personnel  
City of Milwaukee

Dear Committee Members:

Re: Common Council File No. 070022

I have reviewed the fiscal note in the above file, which reports the impact of the wage agreement prepared by the Labor Negotiator for Local 494 IBEW, Machine Shop for 2007-2009 and 2010-2011. The total incremental costs as developed by my staff for the January 1, 2007 through December 31, 2009 agreement by category are:

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>
Salaries – Base pay	\$ 7,196	\$ 12,727	\$ 20,216
Salary Rollups – Workers' Comp, Unemploy. Comp, Terminal Leave, Overtime, and Group Life	649	1,147	1,822
Pension & FICA	946	1,673	2,658
Health Ins. Contribution	---	---	(540)
Pension Changes and Sunset for Military	363	370	376
Health Plan Co-Pays	---	---	(511)
<b>Total Contract Costs:</b>	<b>\$ 9,154</b>	<b>\$ 15,917</b>	<b>\$ 24,021</b>

The total incremental costs as developed by my staff for the January 1, 2010 through December 31, 2011 agreement by category are:

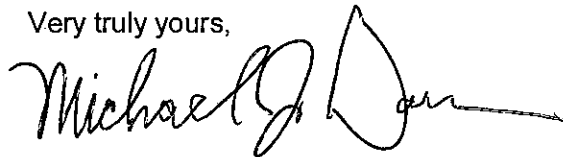
	<u>Year 1</u>	<u>Year 2</u>
Salaries – Base pay	\$ ---	\$ ---
Salary Rollups – Workers' Comp, Unemploy. Comp, Terminal Leave, Overtime, and Group Life	---	---
Pension & FICA	---	---
Early Retirement	9,000	---
Wellness Program	2,205	---
Employee Pension Contributions	(3,002)	(3,002)
<b>Total Contract Costs:</b>	<b>\$ 8,203</b>	<b>\$ (3,002)</b>

While we have reviewed all of the items, the Labor Negotiator's pension costs were developed by an actuary. We are not in a position to recompute these figures, as we do not have the appropriate database. We have found the balance of the figures in the note to be reasonable. The figures developed by the Labor Negotiator for 2007-2009 agreement are adequate for use in the file.

The 2010-2011 agreement does not call for cost of living increases or no pay step advancements. These provisions do not increase or decrease salaries over 2009 rates. Further, Article 33, Pension Benefits, call for "Employees hired on or after 01/01/2010 shall be required to pay member contributions equal to 5.5%". Currently, this cost is entirely borne by the City. While it is unknown how many machinists will be hired, it is unreasonable to assume that the City will not hire any employees in 2010 and 2011. One employee retired in 2009 and it is expected that this employee will be replaced. The savings for the pension contributions are significant enough to report.

The Wellness Program expenditures were placed in 2010.

Very truly yours,

A handwritten signature in black ink, appearing to read "Michael J. Dan", with a long horizontal flourish extending to the right.

W. MARTIN MORICS  
Comptroller

WMM:JB  
UN19 Loc 494, Machine Shop 2007-2011

c: Labor Relations  
Defferred Comp  
ERS