



To: Joy St. Germain, Human Resources Director

From: TW Tadd Wille, Budget Director

Date: 11 July, 2016

Subject: Fiscal Impact of Local 6 Police I.U.P.A Wage Increase for 2015-2016

Overview

A Tentative Agreement between the City of Tacoma and the Local 6 Police I.U.P.A . Unit has been reached for a successor collective bargaining agreement for the years 2015-2016. The following provides a financial analysis for wage increases for Local 6 Police I.U.P.A effective January 1, 2015.

Financial Impact: Wages

Effective January 1, 2015, wages shall be increased by two and two-tenths percent (2.2%). Additionally, beginning the first of the month following the effective date of the Agreement and for every year thereafter of the agreed upon program, the Union will forego three-quarters of one percent (0.75%) of the bargaining units' salary for a VEBA benefit.

Effective January 1, 2016, wages shall be increased by one and one-tenth percent (1.1%).

Fund/Department	2015 FTE	2015 Negotiated Incremental Expense	2016 FTE	2016 Negotiated Incremental Expense	2015-2016 Negotiated Incremental Expense
General Fund	287.9	\$440,735	294.0	\$230,324	\$671,059
General Government Utilities	0.0	0	0.0	0	0
Other General Government Funds	28.2	30,076	22.0	11,653	41,729
Tacoma Public Utilities	0.0	0	0.0	0	0
Total	316.0	\$470,811	316.0	\$241,977	\$712,788

These wage adjustments are included in the 2015-2016 Adopted Biennial Budget.



Financial Impact: VEBA

Payments are to be made into approved retirees' VEBA accounts of five hundred dollars (\$500.00) per month until the earlier of the month when the employee reaches age sixty-five (65) or Medicare eligibility. A two percent (2%) per year escalator provision to the City's monetary contribution to the VEBA account for eligible participants will be established and become effective the first of the month following the adoption of this Agreement. However, the 2% escalator won't become effective until January 1, 2017 and 2018.

Fund/Department	2015 Negotiated VEBA Contributions	2016 Negotiated VEBA Contributions	2015-2016 Negotiated VEBA Contributions*
General Fund	\$181,500	\$189,500	\$371,000
General Government Utilities	0	0	0
Other General Government Funds	0	0	0
Tacoma Public Utilities	0	0	0
Total	\$181,500	\$189,500	\$371,000

*This calculation includes unbudgeted enrollee expenses and will increase as new enrollees enter the system.

The negotiated VEBA expense is partially included in the 2015-2016 Adopted Budget with a projected shortfall of \$57,000.

Summary

The proposed wage increases and VEBA costs are included in the 2015-2016 Adopted Budget and are summarized in the table below.

Fund/Department	2015-2016 Negotiated Incremental Wage Expense	2015-2016 Negotiated VEBA Contributions	2015-2016 Wages + VEBA Total
General Fund	\$671,059	\$371,000	\$1,042,059
General Government Utilities	0	0	0
Other General Government Funds	41,729	0	41,729
Tacoma Public Utilities	0	0	0
Total	\$712,788	\$371,000	\$1,083,788