



To: Joy St. Germain, Human Resources Director

From: *TW* Tadd Wille, Budget Director

Date: September 18, 2015

Subject: Fiscal Impact of Local 31, IAFF Tacoma Firefighters Wage Increase for 2015-2016

Overview

The following provides a financial analysis for wage increases for Local 31, IAFF Tacoma Firefighters effective upon council approval.

Financial Impact: Wages

Effective January 1, 2015 all wages will increase by 4.3%, based on market comparables.

Fund/Department	2015 FTE	2015 Budgeted Incremental Expense	2015 Negotiated Incremental Expense	2015 Variance Fav/(Unfav)
General Fund	269.4	769,122	1,204,082	(434,960)
General Government Utilities	0.0	0	0	0
Other General Government Funds	81.0	228,504	356,784	(128,280)
Tacoma Public Utilities	0.0	0	0	0
Total	350.4	997,626	1,560,867	(563,241)



Effective January 1, 2016 all wages will increase by 1.1% based on June 2014 to June 2015 CPI-W.

Fund/Department	2016 FTE	2016 Budgeted Incremental Expense	2016 Negotiated Incremental Expense	2016 Variance Fav/(Unfav)
General Fund	280.3	1,621,031	1,581,732	39,300
General Government Utilities	0.0	0	0	0
Other General Government Funds	69.8	417,323	409,602	7,721
Tacoma Public Utilities	0.0	0	0	0
Total	350.4	2,038,354	1,991,334	47,020

These wage increases results in an overall unfavorable variance of \$516,220 in the 2015-2016 biennium.

Fund/Department	2015 Variance Fav/(Unfav)	2016 Variance Fav/(Unfav)	2015-2016 Variance Fav/(Unfav)
General Fund	(434,960)	39,300	(395,661)
General Government Utilities	0	0	0
Other General Government Funds	(128,280)	7,721	(120,560)
Tacoma Public Utilities	0	0	0
Total	(563,241)	47,020	(516,220)

Additionally, effective January 1, 2017 wages will receive an increase with a minimum of 1% and a maximum of 2%, based on June 2015 to June 2016 CPI-W.

Effective January 1, 2018 wages will reflect a market adjustment, which will be determined in July of 2017.

These increases will be included in the 2017-2018 Adopted Biennial Budget.



Financial Impact: VEBA

Effective the first full pay period, after Council approval, each Local 31 member will receive a lump sum payment due to unused funds from 2015 VEBA contributions. The unused funds will be equally paid out to Local 31 members.

Fund/Department	2015 VEBA Payback Fav/(Unfav)
General Fund	(20,250)
General Government Utilities	0
Other General Government Funds	(6,000)
Tacoma Public Utilities	0
Total	(26,251)

The VEBA program will then continue as outlined in the letter of agreement.

Fund/Department	2015-2016 Budgeted VEBA Contributions	2015-2016 Negotiated VEBA Contributions*	Variance Fav/(Unfav)
General Fund	692,000	821,842	(129,842)
General Government Utilities	0	0	0
Other General Government Funds	0	0	0
Tacoma Public Utilities	0	0	0
Total	692,000	821,842	(129,842)

*This calculation includes unbudgeted enrollee expenses and will increase with new enrollees in 2016.



Summary

The proposed wage increases and VEBA costs are summarized in the table below.

Fund/Department	2015-2016 Wage Increase Variance Fav/(Unfav)	2015 VEBA Payback Fav/(Unfav)	2015-2016 VEBA Contrib. Variance Fav/(Unfav)	Total Unbudgeted Fav/(Unfav)
General Fund	(395,661)	(20,250)	(129,842)	(545,753)
General Government Utilities	0	0	0	0
Other General Government Funds	(120,560)	(6,000)	0	(126,560)
Tacoma Public Utilities	0	0	0	0
Total	(516,220)	(26,251)	(129,842)	(672,313)