



To: Joy St. Germain, Human Resources Director

From: *TW* Tadd Wille, Budget Director

Date: March 3, 2015

Subject: Fiscal Impact of Local 6 Tacoma Police Union 1% VEBA Restoration & Market-based Wage Adjustment for City Manager Classification

Local 6 Tacoma Police Union 1% VEBA Restoration

Overview

In 2011, the Local 6 Tacoma Police Union agreed to forego 1% of their salary effective January 1, 2013 as part of a VEBA Retirement Incentive program, per a Memorandum of Agreement. Each LEOFF 2 member of the bargaining unit would, therefore, receive 99% of the base wage rate.

Effective January 1, 2015 the 1% wage reduction will be restored allowing each active member of the bargaining unit to receive 100% of their base wage rate.

Financial Impact

Below is a financial impact of the restoration of the 1% VEBA wage reduction retroactive to January 1, 2015.

| Fund/Department | FTE | 2015-2016 Incremental Expense |
|--------------------------------|--------------|-------------------------------|
| General Fund | 290.9 | \$596,267 |
| General Government Utilities | 0.0 | 0 |
| Other General Government Funds | 25.1 | 47,855 |
| Tacoma Public Utilities | 0.0 | 0 |
| Total | 316.0 | \$644,123 |

Funding for 2015-2016

The total estimated cost in 2015-2016 for salaries and benefits for Local 6 Tacoma Police Union including the 1% restoration of the VEBA wage reduction discussed above is \$644,123 (\$596,267 General Fund, \$47,855 other general government funds).



Cost for the restoration of the 1% VEBA reduction to base wages is budgeted in 2015-2016, though wage negotiations continue. A comprehensive fiscal impact memo will be forthcoming upon ratification of the successor bargaining agreement.

Market-based Wage Adjustment for City Manager Classification

Overview

On December 9, 2014 Ordinance 28263 passed which provided for market and compression based wage adjustments for classification determined to be below the market, or determined to have compression issues. The classification City Manager (CSC 07470) has been identified as below the market with compression issues and will be adjusted 10%.

Financial Impact

Effective February 13, 2015 the City Manager's base salary will be \$243,318, or Step 4D, resulting in a \$7,945, or 3.38%, increase to the employee's current base salary over the life of the new employment contract. Future base salary costs will be dependent on a future negotiated employment contract.

Funding for 2015-2016

The increased cost of the wage adjustment over the life of the new employment contract is included in the 2015-2016 Biennial Budget.