



To: Joy St. Germain, Human Resources Director

From: TW Tadd Wille, Budget Director

Date: 15 September, 2016

Subject: Fiscal Impact of PPSMA Wage Increase for 2015-2017

Overview

A Tentative Agreement between the City of Tacoma and the Professional Public Safety Management Association has been reached for a successor collective bargaining agreement for the years 2015-2017. The following provides a financial analysis for wage increases effective January 1, 2015.

Financial Impact: Wages

Effective January 1, 2015, wages shall be increased by two and six-tenths percent (2.6%).
 Effective January 1, 2016, wages shall be increased by one and one-tenth percent (1.1%).
 Effective January 1, 2017, wages shall be increased by two percent (2.0%).
 Effective January 1, 2018, wages shall be benchmarked above various Police and Fire positions. Fiscal impacts of PPSMA member wage increases for 2018 will be provided as these other contracts are settled.

Through 2016, the Union will continue to forgo 1.5% of their wages for VEBA benefits.
 Effective January 1, 2017, the Union will forgo 1.0% of their wages for VEBA benefits.

Effective January 1, 2017, the City will contribute, rather than match, \$217.00 per pay period into the deferred compensation account of each member.

Fund/Department	2015-2017 FTE	2015 Negotiated Incremental Expense	2016 Negotiated Incremental Expense	2017 Negotiated Incremental Expense*	2015-2017 Negotiated Incremental Expense
General Fund	6.0	\$34,666	\$49,747	\$80,041	\$164,454
Other General Government Funds	2.0	12,588	17,575	27,597	57,760
Total	8.0	\$47,254	\$67,322	\$107,638	\$222,214

*2017's cost may be higher depending on the outcomes of other public safety union contract negotiations. These estimates represent what Management believe is the most likely outcome.

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



Financial Impact: LEOFF1 Retirees

Provisions of the LEOFF1 retirement plan allow retired members to benefit from current employees' pay adjustments. By changing the PPSMA deferred compensation pay from a match to an unconditioned contribution, this pay can become part of the LEOFF1 retiree pay calculation, pending Tacoma LEOFF Pension Board approval. The fiscal impact for this change is shown below:

Fund/Department	Retirees	2015 Negotiated Incremental Expense	2016 Negotiated Incremental Expense	2017 Negotiated Incremental Expense	2015-2017 Negotiated Incremental Expense
General Fund	5	\$0	\$0	\$16,926	\$16,926

Financial Impact: VEBA

This contract maintains PPSMA's VEBA program, allowing up to six VEBA participating retirees. These contributions will be incorporated into the 2017-2018 budget.

Summary

The proposed wage increases and potential LEOFF1 costs are included in the 2015-2016 Adopted Budget and are summarized in the table below.

Fund/Department	2015-2017 Negotiated Incremental Wage Expense	2015-2017 Potential LEOFF1 Deferred Comp Impact	2015-2016 Wages + LEOFF1 Total
General Fund	\$164,454	\$16,926	\$181,380
Other General Government Funds	57,760	0	239,140
Total	\$222,214	\$16,926	\$239,140