



**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  |
| <b>Total</b>                   | <b>316.0</b> | <b>\$470,811</b>                    | <b>316.0</b> | <b>\$241,977</b>                    | <b>\$712,788</b>                         |

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  |
| <b>Total</b>                   | <b>\$181,500</b>                   | <b>\$189,500</b>                   | <b>\$371,000</b>                         |

\*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                            |
| <b>Total</b>                   | <b>\$712,788</b>                              | <b>\$371,000</b>                        | <b>\$1,083,788</b>           |