

Are City workers deserving of a market salary adjustment? **Yes.**

But why is that decision being made in a vacuum, and not being considered in the context of the budget? It is during budget balancing that will take place next spring that the impacts of a pay increase will be felt.

I. Here Is What Staff Is Saying About The Cost Of The Raise:

Cost of the City Manager's Compensation Recommendation – For the remainder of FY' 14:

- \$4,000,000 General Fund and \$1,500,000 all other funds
- **(AFSCME workers will receive \$296,000 of the \$5,500,000)**
- Cost of \$.55 Across the Board Compensation Increase - \$3,900,000 for the remainder of FY' 14.

In a Power Point entitled "The New Normal" that will be presented during budget talks, staff will say this:

- a) Frame #8 of the Power Point – "For the long-term, there are only two basic options to change our fiscal challenge:
 - 1) Increase revenues
 - 2) Reduce expenditures **via service level cuts and/or reduce employee compensation**

Review of compensation and benefit packages may need to play a role **but after all other expenditure cuts have been put into place.**

- b) Frame #9 of the Power Point – a list of how we will have to adapt to our new normal includes (bullet point #3) **"reshape the City workforce so it is smaller, better trained and better paid"**.

II. Two Questions:

- Has staff identified the workers we'll be laying off in order to reach that smaller, better paid workforce after having given them a pay increase?
- Have "all other expenditure cuts" been put into place?

III. We Face A Significant FY'15 Budget Deficit.

A. Here are costs you will see beginning during FY'15 budget discussions:

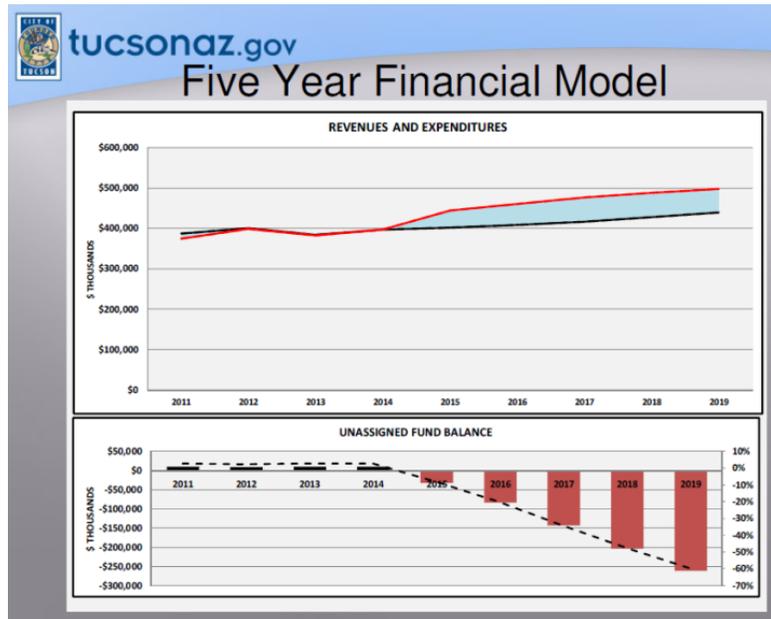
- *Increase for TPD and TFD DROP payouts and transition of officers from COPS hiring grant - \$4,000,000*
- *Increase of COPs debt service annual payment (this is for a \$13,000,00 funding gap in the streetcar construction - \$400,000 annually)*
- *Increase debt service and operations and maintenance costs for SunLink (we don't know these costs –they won't be zero.)*
- *Increase retiree medical due to end of federal grant (estimated at just over \$1,000,000 annually)*
- *Increase costs for PCWIN (full year cost) (likely in the \$2,000,000 annually range)*
- *Increase of employer paid pension costs (next year it'll be \$5,000,000. It will vary from that point on.)*
- *Increase of workers' compensation , public liability and employer paid medical insurance costs (we don't know these costs – they'll fluctuate – and won't be insignificant)*
- *Unmet Capital Needs list presented by Staff exceeds \$1,000,000,000 in costs*

B. Revenue Shortfalls

- Loss of tax revenue due to construction sales tax changes (estimated at \$1,600,000)
- Last budget cycle we planned \$2,300,000 for land sales and \$600,000 in increases in transit fares – both for this fiscal year - neither of which have happened, and won't.

C. Can't we absorb compensation increases in our Fund Balance (Rainy Day Fund?)

Chart from “The New Normal” Power Point



IV. *What Choices Does A Pay Raise Entail?*

Clearly, “all other expenditure cuts” have not been addressed. Thus, the **smaller, better paid workforce**. That’s what happens when you consider pay increases in a vacuum.

Are there other priorities for the \$4,000,000 General Fund cost of the compensation package for during this fiscal year?

- The cost of a new *patrol car* is \$46,000. 30% of our patrol cars have over 100,000 miles on them. Last year we moth-balled 40 patrol cars that were in the worst shape.
- The cost of a new *paramedic truck* is \$270,000. 87% of our *paramedic trucks* have over 100,000 miles on them. 27% of our paramedic trucks have over 150,000 miles on them.
- Failure to keep pace with vehicle replacement needs triggers high repair costs due to increases in major component failures (engines/transmissions) and reduced reliability during emergency conditions.
- Critical *safety needs* for police – vests, computers, specialty weapons, ammunition
- *Turnout Gear* to protect our Firefighters has an operational life of 10 years. Turnouts cost \$2,400 each. To keep all of our employees outfitted with safe gear, we should be buying 115 new turnouts @ \$276,000 annually. We’re not doing that.
- We have over \$1,200,000 in unmet needs for *Cardiac Monitors*. We need paramedic gurneys, ladders, hoses, “Jaws of Life,” saws, nozzles (safety of the public.) But in FY’14, **fully 45% of TFD’s equipment replacement budget was spent on unanticipated cost mandates.**

There are other critical unmet needs:

- FY 2015 Department of Justice ADA Compliance - \$16,919,200
- FY 2015 Replace Cash Collections Software - \$550,000
- FY 2015 Replace Mission Critical Optical Fiber Cable - \$16,000,000

*I just felt that you should see the full picture as you consider the impact of advocating for this pay increase before we adjust to that **smaller, better trained and better paid workforce.***

Steve K