

## Fiscal Impact Note

**Legislation No:** TBD

**First Reader Date:** TBD

**Legislation Title:** Union Negotiations

**Note Date:** 6-25-18

**Description:** For the purpose of reaching a four year agreement between the City of Annapolis; Local 3162, Annapolis Clerical and Technical Employees (AFSCME); Local 3406, Annapolis Trades, Maintenance and Labor Employees (AFSCME); Local 1926, International Association of Firefighters (Fire); and Local 400, United Food and Commercial Workers International Union (Police).

**Analysis of Fiscal Impact:** The financial analysis below includes the fiscal impact for fiscal years 2019 through 2022 for all four bargaining units.

Both AFSCME 3162 and AFSCME 3406 will be receiving a 10% COLA over the next four years, which includes 2% in fiscal years 2019 and 2020 and 3% in fiscal years 2021 and 2022. The agreement with both AFSCME groups also included a full step increase of 5.361% for step 11, as opposed to 2.5% negotiated in fiscal year 2018. AFSCME 3406 proposed and the City agreed to pay for the renewal of CDL licenses at an estimated annual cost of \$10,500. Other negotiated items included additional bereavement leave for stepchildren, on call pay. The fiscal impact for these items cannot be quantified. Cost offsets include changing the employer/employee split for health benefits from 80/20 to 75/30.

	FY2019	FY2020	FY2021	FY2022
<b>AFSCME</b>				
<b>COLA</b>	188,551	380,872	675,124	978,204
<b>Step 11 (5.361%)</b>	65,222	0	0	0
<b>CDL Renewal</b>	10,500	10,500	10,500	10,500
<b>Health Insurance Savings</b>	0	0	(145,900)	(157,400)
<b>Subtotal</b>	<b>264,273</b>	<b>391,372</b>	<b>539,724</b>	<b>831,304</b>

Fire will receive 11% in COLAs over the next four years, which includes 2.5% in fiscal years 2019 and 2020 and 3% in fiscal years 2021 and 2022. Other items included additional pay for military leave and a 30 year multiplier for the pension plan. Cost offsets included savings from a change in the methodology of paying Workman's Compensation, eliminating the VEBA leave chop for sworn personnel not enrolled in VEBA, and changing the employer/employee split for health benefits from 80/20 to 75/30.

	FY2019	FY2020	FY2021	FY2022
<b>Fire</b>				
<b>COLA</b>	286,848	580,868	942,512	1,315,005
<b>Pension 30-YR Multiplier</b>	26,113	26,113	26,113	26,113
<b>Military Pay</b>	9,086	9,313	9,592	9,880
<b>WC Savings</b>	(20,255)	(20,762)	(21,385)	(22,026)
<b>ALS Bonus Savings</b>	(55,978)	(55,978)	(55,978)	(55,978)
<b>VEBA Savings</b>	(55,000)	(55,000)	(55,000)	(55,000)
<b>Health Insurance Savings</b>	0	0	(147,500)	(159,000)
<b>Subtotal</b>	<b>190,814</b>	<b>484,554</b>	<b>698,354</b>	<b>1,058,994</b>

Police will receive 2% in fiscal year 2019, 1.5% in fiscal year 2021, and 2% in fiscal year 2022 for a total COLA of 5.5%. The agreement with the Police also included the expansion of the Take Home Car (THC) program, by purchasing additional vehicles for sworn officers beginning in fiscal year 2020. By fiscal year 2021 all sworn officers will have take home vehicles. Other items included additional pay for military leave, the return of the 20 year retirement for Police, and a 30 year multiplier for the pension plan. Cost offsets included savings from a change in the methodology of paying Workman's Compensation, eliminating the VEBA leave chop for sworn personnel not enrolled in VEBA, and changing the employer/employee split for health benefits from 80/20 to 75/30.

	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
<b>Police</b>				
<b>THC Finance/Lease</b>	0	145,600	291,200	291,200
<b>THC Commute Cost</b>	0	376,923	386,346	396,005
<b>THC Contribution</b>	0	(32,500)	(63,700)	(63,700)
<b>COLA</b>	226,880	226,880	400,444	635,333
<b>Pension 30-YR Multiplier</b>	26,454	26,454	26,851	27,388
<b>Pension 20-YR</b>	52,908	52,908	53,701	54,775
<b>Military Pay</b>	19,688	21,981	22,311	22,757
<b>WC Savings</b>	(42,000)	(42,000)	(42,000)	(42,000)
<b>VEBA Savings</b>	(65,000)	(65,000)	(65,000)	(65,000)
<b>Health Insurance Savings</b>	0	0	(135,00)	(145,000)
<b>Subtotal</b>	<b>218,930</b>	<b>711,246</b>	<b>875,153</b>	<b>1,111,758</b>