

## Fiscal Impact Note

**Legislation No:** Resolution 33-18

**First Reader Date:** 7-9-2018

**Note Date:** 7-5-2018

### **Legislation Title: Submission of Proposed Union Agreement – AFSCME 3406**

**Description:** For the purpose of submitting a written memorandum of Collective Bargaining Agreement between the City of Annapolis and AFSCME 3162 (Labor and Trades) for the Fiscal Years 2019 through 2022 to the City Council for its ratification or rejection.

### **Analysis of Fiscal Impact:**

The terms and provisions of the negotiated agreement with fiscal impact are as follows:

- Four year contract covering FY2019 – FY2022 (July 1, 2018 – June 30, 2022)
- Cost of Living Allowances:
  - FY2019: 2%
  - FY2020: 2%
  - FY2021: 3%
  - FY2022: 3%
- Increase in step 11 on the A pay scale from 2.5% to 5.361%.
- Change in health insurance cost share: Effective July 1, 2020, the employees' cost share will increase from 20% to 25%. The City's cost share will decrease from 80% to 75%.
- "Acting Out of Class Pay": Provision changed to state that an employee temporarily transferred to a job classification in a higher pay grade for at least one regular work day will be compensated at 5% above the employee's current rate of pay. The prior contract required the City to pay acting out of class pay when an employee worked only two hours in a higher position. The fiscal impact of this provision cannot be determined, but it will be a cost savings.
- Standby Pay: Added a provision that employees (other than sewer collection and water distribution employees assigned to standby duty on a rotating basis for weekends or holidays) will be compensated at three hours at their regular rate of pay when placed on standby by the Department Director. The fiscal impact of this provision cannot be determined; however, management does not believe it will be significant. Costs will be controlled by the Department Directors who will determine who is placed on standby and when.
- CDL renewals and physicals: The City will pay for the cost of CDL renewals and related physical exams if required for the employee's position.
- Change in bereavement leave to include step-family members. No fiscal impact from current practice.

<b>AFSCME 3406</b>	<b>FY2019</b>	<b>FY2020</b>	<b>FY2021</b>	<b>FY2022</b>
Year 1 COLA	\$ 141,100	\$ 141,100	\$ 141,100	\$ 141,100
Year 1 Step 11	60,275			
Year 2 COLA (with step 11)		145,100	145,100	145,100
Year 3 COLA (with step 11)			222,000	222,000
Year 4 COLA (with step 11)				228,675
Health Insurance Savings			(109,100)	(117,750)
CDL License and Physicals	10,500	10,500	10,500	10,500
<b>Total</b>	<b>\$ 211,875</b>	<b>\$ 296,700</b>	<b>\$ 409,600</b>	<b>\$ 629,625</b>
<b>% Increase over prior year base with benefits</b>	<b>3.0%</b>	<b>2.1%</b>	<b>1.5%</b>	<b>1.5%</b>

***Cumulative Cost of 4-year Contract: \$1,547,800***

*Assumptions:*

- COLA calculations are based on July 1, 2019, base salaries of \$5,798,607 with FICA and pension and VEBA benefits.
- Increase in cost of step 11 is based on actual employee data for fiscal year 2019 with FICA and pension and VEBA benefits.
- Health insurance savings: Assumes 8% annual increase in medical and Rx costs; 5% in dental costs; 0% in vision costs.
- CDL licenses and physicals: Based on current number of employees with CDL licenses multiplied by the estimated costs of licenses and physical exams.