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Dear Chairman Iglizzi:

For your consideration is the fiscal note pertaining to the proposed changes to the Clerical Union (Local 1339) contract. The City expects to realize approximately \$2,146,393 in reduced expenditures for the duration of the contracts. These new contracts cover the period of September 1, 2007 through August 31, 2015. This agreement covers 225 full time members. The substantive changes in the contract can be categorized within the following three areas; number of employees, wages and health benefits.

Employee Reductions

- Through negotiations, 13 net positions were eliminated from the bargaining unit. The savings for FY 2012 is \$678,790 and \$814,580 for all subsequent years.

Wages

- 58 clerical positions will be upgraded from Group I to Group III or Group III to Group V. The total cost for FY 2012 is \$181,486 and all subsequent years.
- Wages will increase four percent on September 1, 2013 and an additional four percent on September 1, 2014. The total cost is \$851,395.
- Raises for the period of September 1, 2008 through May 1, 2011 will not be compensated with pay increases but instead will be realized with additional vacation days (approximately 35 per member). Although this compensation will not immediately be recognized as an expense, it is a future liability of the district that may be recognized as a future expense depending on how the vacation days are used.

Health Benefits

- Effective July 1, 2013, employees with annual base wages of \$50,000 or more shall co-share in the cost of healthcare insurance benefits through pre-tax weekly payroll deduction by the payment of 18% of the negotiated working rate. Employees with annual base wages that are less than \$50,000 shall co-share in the cost of healthcare insurance benefits through pre-tax weekly payroll deduction by the payment of 15% of the negotiated working rate. Effective July 1, 2014, employees with annual base wages of \$50,000 or more shall co-share in the cost of healthcare insurance benefits through pre-tax weekly payroll deduction by the payment of 20% of the negotiated working rate. Employees with annual base wages that are less than \$50,000 shall co-share in the cost of healthcare insurance benefits through pre-tax weekly payroll deduction by the payment of 15% of the negotiated working rate. The total projected savings are \$601,203.

The following table summarizes the savings and costs of the agreement:

**Eight Year Cost of Proposed Agreement with 1339
2008-2015**

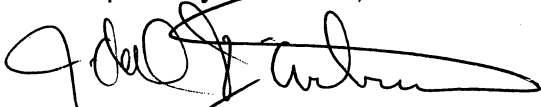
<u>1339 Savings Category</u>	<u>Year 1 (07/08)</u>	<u>Year 2 (08/09)</u>	<u>Year 3 (09/10)</u>	<u>Year 4 (10/11)</u>	<u>Year 5 (11/12)</u>	<u>Year 6 (12/13)</u>	<u>Year 7 (13/14)</u>	<u>Year 8 (14/15)</u>
Vacation Days in Lieu of Retro Pay	-	-	-	-	-	-	-	-
Reduction of 13 Positions					(678,790)	(814,580)	(814,580)	(814,580)
4% increase 9/1/2013							280,064	280,064
4% increase 9/1/2014								291,267
Certain Clerical Upgrades					181,486	181,486	181,486	181,486
Sub total	\$ -	\$ -	\$ -	\$ -	\$ (497,303)	\$ (633,094)	\$ (353,030)	\$ (61,763)
<u>Medical Co Shares</u>								
Healthcare - employee payment changes	-				(3,061)	(7,653)	(291,765)	(298,724)
One Year Savings	\$ -	\$ -	\$ -	\$ -	\$ (500,365)	\$ (640,747)	\$ (644,795)	\$ (360,487)
Cumulative Savings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,141,112)	\$ (1,785,906)	\$ (2,146,393)
Total Projected Fiscal Note Savings FY 08-15								<u>(2,146,393)</u>
Other Savings Derived From 1339 Members								
Estimated Budgetary Savings of Compounded Raises					(680,000)			
	\$ -	\$ -	\$ -	\$ -	\$ (680,000)	\$ -	\$ -	\$ -
Total District Budgetary Savings FY 08-15								<u>\$(2,826,393)</u>

Addition Information:

- * 6 years without cost of living raises
- * FY 14 and FY 15 both have 4% raises
- * New Hires as of 9/1/09 no longer receive post Medicare health benefits paid for by the employer
- * Additional vacation days in lieu of compounded salary increase for the period of 9-1-08 through 5-1-11.

Thank you for your consideration and should you have any questions please feel free to contact me to discuss.

Respectfully Submitted,



J. Michael D'Antuono, CPA
Deputy Chief Financial Officer/Controller