



MEMORANDUM

Administrative and Financial Services Office

To: Honorable Mayor Larry Wolgast
Members of the Topeka City Council
Jim Colson, City Manager

From: Doug Gerber, Director of Administrative and Financial Services

Date: August 18, 2015

Subject: Fiscal Effects of Proposed Teamsters Agreement

Pursuant to KSA 75-4331, the chief financial officer of the City is required to provide to the governing body an analysis of the fiscal effects on the City of proposed agreements between the City and recognized employee organizations. As part of this analysis, we are required to identify the potential impact on the City's aggregate tax levy and its operating expense limitations.

This bargaining unit is concentrated in one department, the Public Works Department, and in one fund, the Special Highway/Motor Fuel Fund. Revenues for this fund are derived thru the state gas tax. Staff will need to closely monitor the fund and cash balances in future years, especially if the state budget worsens. The Special Highway Fund cash balance continues to decline, as the proposed FY2016 budget projects a \$765,612 decrease to the cash balance. This trend is unsustainable and the City may need to consider providing General Fund support to street maintenance operational needs.

The proposed agreement includes an allowance for individuals meeting the appropriate parameters, an overall "Meets Expectations" or better, to receive a one-step pay matrix increase. For FY16-FY18, there will be a 1% increase to the pay matrixes in each year. Note that during the 2016 budget process, Council authorized adding 8 Equipment Operators to perform street maintenance which is why wages increase significantly from 2015 to 2016.* The table below illustrates a basic comparison between the existing agreement and the proposed agreements for 2016-2018 and provides the estimated levy impact if the agreement were to be financed solely with a property tax increase:

2016-2018 Wage Agreement Estimates

	2015	2016	2017	2018
Wages	1,327,272	1,551,160	1,571,248	1,591,645
Benefits	424,727	482,774	492,995	499,274
Total	\$1,751,999	\$2,033,934	\$2,064,243	\$2,090,920
<i>Increase from Prior Year</i>		\$281,935	\$30,309	\$26,677
<i>% Increase from Prior Year</i>		16.09%	1.49%	1.29%

0.325 Levy Increase Equivalent

**Note the % increase from 2015 to 2016 would be .17% without the additional positions.*

I have reviewed the economic terms of the Teamsters agreement pending before the City Council and have compared its costs to both the expected costs of the status quo ante agreement in Fiscal Year 2015 and the recommended budget for Fiscal Year 2016. Based upon this review of the agreement, we believe that the FY16 proposed budget has sufficient resources to accommodate the agreement as presented. Please let me know if there are questions or concerns about this analysis.