



CITY OF WAUWATOSA
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EMPLOYEE RELATIONS COMMITTEE MEETING

Tuesday, June 8, 2010

Council Chambers

PRESENT: Aids. Donegan, Berdan, Walsh, Organ – 4

EXCUSED: Ald. Ewerdt

ALSO PRESENT: J. Archambo, City Admin.; B. Aldana, Asst. City Atty./HR Dir.;
M. Loy, Health and Productivity Coor.

Ald. Donegan as Chair called the meeting to order at 7:02 p.m.

Relationship of Compensation Costs to Total Budget

The committee reviewed a memo from the City Administrator on the relationship of compensation costs to the city's total budget. A power point presentation was viewed describing general fund expenditure history and trends, general fund revenue history and trends, compensation cost history and trends (proportionate wage and salary costs of compensation), (proportionate fringe benefit costs of compensation) and general fund budget modeling through 2020.

Mr. Archambo explained that the presentation would give an idea of how certain increases would affect the budget. The model being used has an assumptive variable increase for wages of 3.03%, fringe benefits 5.17%, and operating expenditures 2.77%. In 2007 the Comptroller's office put a Budget Projection Worksheet together. The document has all expenditures and revenues accounted for from 1996 to 2005. In this document the compensation variables utilized are wages 4%, fringe benefits 7% and operating expenditures 2%. These assumptive figures will be referenced on a few occasions. He noted that the model shown has the revenue forecasted out to 2020.

The model shows the projected trends into the future and it was noted that the City has not followed along with that trend. Between 2007 and 2010 operating expenditures, including transfers, increased by .6%, so the committee can see that the City is not bound by the modeling.

Mr. Archambo reported that public safety in the 2010 adopted budget is about 60% of the budget. Transportation makes up an additional 12.7% of the budget.

The modeled wages from 1986 - 2006 showed that wages have grown by 92.8%. On average wages rose 3.2% a year. In the years 2008 – 2010 wages have grown by 2.1%. During this time there was a lower rate of growth in wages. Fringe benefits from 1986 – 2006 have grown by 213.3%. On average they rose 5.9% a year. Between 2008 -2010 fringe benefits have grown .4%. The trend line shows the City is under the modeled trend for wages and benefits. Mr. Archambo advised that health insurance has been the fastest growing component in the total budget.

Ald. Donegan asked about total wages and benefits in the general fund and was told it made up about 80% of that fund. Debt service is another important variable.

Mr. Archambo's presentation included a budget modeling demonstration. This spreadsheet allows manipulation of numerous variables and the effect each has on other variables such as the property tax levy and the tax rate. He noted that this is not intended to be a projected budget.

In summary, Mr. Archambo said that historical trends show that the City will have a difficult time balancing next year's budget with compensation one of the most significant costs. He noted that future compensation clearly affects what we are able to spend on other services.

The meeting adjourned at 7:57 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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