

GOVERNMENT OF THE DISTRICT OF COLUMBIA
Office of the Chief Financial Officer

Natwar M. Gandhi
Chief Financial Officer



MEMORANDUM

TO: The Honorable Linda W. Cropp
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi [signature]
Chief Financial Officer

DATE: April 20, 2004

SUBJECT: Fiscal Impact Statement: “Compensation Agreement Between the District of Columbia Government and the International Association of Firefighters, Local #36 (D.C. CBU #4) Approval Resolution of 2004”

REFERENCE: Draft Approval Resolution – No Number Available

Conclusion

Funds are sufficient in the FY 2004 budget and the proposed FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed approval resolution. No additional resources will be required to approve and execute the proposed compensation agreement.

Background

The proposed legislation would approve a compensation settlement agreement between the District of Columbia and 1,291 union firefighter and emergency medical services employees in collective bargaining unit 4. These employees are members of the International Association of Firefighters, Local #36.

Financial Plan Impact

Funds are sufficient in the FY 2004 budget and the proposed FY 2005 through FY 2008 budget and financial plan to implement the provisions of the proposed resolution. The compensation increases include the following provisions:

- An increase to base wages of 3.75 percent effective April 2004;

- An increase to base wages of 2.00 percent effective October 2004;
- An increase to base wages of 2.00 percent effective April 2005;
- An increase to base wages of 4.00 percent effective October 2005;
- An increase to base wages of 4.00 percent effective October 2006; and
- A step progression reform increase of 0.75 percent effective October 1, 2005.

Benefits are estimated at 10 percent and additional gross pay (longevity) and overtime is estimated at 20 percent of the base salary costs. The table in Figure 1 presents the personnel service costs¹ impacting the financial plan.

Figure 1.

Expenditure Impact to the Financial Plan				
(\$ in millions)				
FY 2004	FY 2005	FY 2006	FY 2007	4 -Year Total
\$1.8	\$6.5	\$11.6	\$16.7	\$36.6

¹ The D.C. Retirement Board determines local funding requirements periodically through an actuarial study. Adjustments are a funding requirement to the third subsequent fiscal year following implementation to maintain an accounts full funding status.