

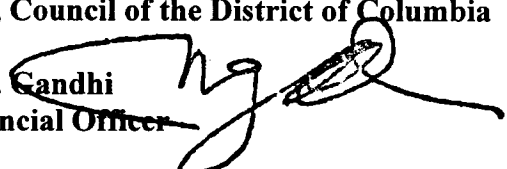
**Government of the District of Columbia
Office of the Chief Financial Officer**



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

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

FROM: Natwar M. Gandhi 
Chief Financial Officer

DATE: MAY 11 2006

SUBJECT: Fiscal Impact Statement: "The Washington Area Metal Trades Council AFL-CIO Local 64, National Conference of Fireman & Oilers, Service Employees International Union and Local 572, Public Service Employees Union, Affiliated with the Labors International Union of North America and the Department of Mental Health Compensation Settlement Agreement Approval Resolution of 2006"

REFERENCE: Draft Resolution to be Introduced – No Number Available

Conclusion

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan as introduced by the Mayor to the Council of the District of Columbia (Council). Implementing the provisions of the related compensation settlement agreement will require no additional resources.

Background

The proposed resolution would approve a collective bargaining agreement recommended by the District Department of Health (DMH). The increases would affect 45 current and 1 former member of the Washington Area Metal Trades Union AFL-CIO Local #64, the National Conference of Fireman and Oilers (NCFO), the Service Employees International Union (SEIU), and the Public Service Employees Union¹ (PSE) Local #572. The current members of this collective bargaining unit represent an annual gross salary of approximately \$1.9 million.

¹ An affiliate of the Labors International Union of North America.

Financial Plan Impact

Funds are sufficient in the FY 2006 through FY 2009 budget and financial plan. No additional resources will be required.

Provisions of the collective bargaining agreements include:

- An increase of 1.5 percent to base wages retroactive to October 1, 2004;
- An increase of 1.5 percent effective October 1, 2005;
- An increase of 1.0 percent effective October 1, 2006; and
- A \$1,000 bonus effective October 1, 2006.

The local costs are approximately \$122,750 in FY 2006 because included are the retroactive provisions of the proposed agreement.² The FY 2007 costs are based on the difference between the recently approved FY 2006 negotiated salary which caused a 1 percent increase to base pay, and the new pay schedule. The financial plan for the District assumes a 3.5 percent growth in FY 2008 through 2009. The table in Figure 1 presents the personnel service costs impacting the financial plan.³

Figure 1.

Expenditure Impact to the Local Financial Plan (\$ in 000s)				
FY 2006	FY 2007	FY 2008	FY 2009	4 -Year Total
\$122.7	\$56.2	\$58.2	\$60.3	\$297.4

Estimates for base pay increases include 15 percent for fringe benefits. Only individuals who are members of the collective bargaining unit as of October 1, 2005 are eligible for the provisions of the agreement that discuss a \$1,000 bonus in FY 2006. During FY 2005 there were 46 FTEs. In FY 2006 there are now 45 FTEs.

² Base salary and benefits expended against local sources.

³ 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 account's full funding status.