



City of New Haven
Office of Management and Budget
Justin M. Elicker, Mayor
Michael Gormany, City Budget Director and Acting Controller

Bargaining Local 424, Unit 128 (Parks/Blue Collar) UPSEU

Total budget position: 75 (Including vacancies)
Contract Period July 1, 2020 – June 30, 2025

General Compensation Cost

Wages: FY 2019-2020 (contract expiration) Base cost was \$3,889,874.00

<u>Fiscal Year</u>	<u>Effective</u>	<u>GWI</u>	<u>Cost</u>	<u>Change over Prior YR</u>
2020-2021	7/1/20	2.00%	\$ 3,967,706.00	\$77,832
2021-2022	7/1/21	0.00%	\$4,241,952.00	\$274,246
2022-2023	7/1/22	3.50%	\$4,390,457.00	\$148,505
2023-2024	7/1/23	3.50%	\$4,544,154.00	\$153,697
2024-2025	7/1/24	3.50%	\$4,703,243.00	\$159,089

Total Cost/(Savings) \$813,369
Difference between base Amount and
ending year contract

Overtime:

The general wage increase (gwi) as listed above will have an impact on the bargaining unit overtime. The estimated impact is as follow:

<u>Fiscal Year</u>	<u>Effective</u>	<u>Estimated Cost</u>
Average Overtime		\$600,000
2022-2023	7/1/22	\$655,000
2023-2024	7/1/23	\$675,000
2024-2025	7/1/24	\$700,000

Additional Cost/(Savings) \$100,000
over the life of the contract (average
minus the ending year



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Additional Pension Contribution:

Based on an increase in salary, the City would receive additional pension contributions at the employees' current rate of 10.00%.

Fiscal Year Effective Estimated Cost (Savings)

Base Cost (\$388,987)

2020-2021 7/1/20 (\$396,771)

2021-2022 7/1/21 (\$424,195)

2022-2023 7/1/23 (\$439,046)

2023-2024 7/1/24 (\$454,415)

2024-2025 7/1/25 (\$470,324)

Base Cost at five years (\$1,944,937)

New Five-Year cost (\$2,184,751)

Total Cost/(Savings) (\$239,814)

Pension Changes related to ADEC:

New employees hired after the ratification of this Agreement will now have various options for joint and survivor benefits, as well as an early retirement penalty of 5% (increased from 2%) per each early year of retirement. Additionally, employees hired after the ratification of the contract shall only be eligible for retirement at age 65 and no longer have the Rule of 85. These pension changes provide the City with long-term savings and assist with retention of employees while reducing the City's obligation for retirement payments.

The attached PDFs are the cost estimates for Local 71. H&H analyzed the cost separately for the proposed changes for current employees and the proposed changes for just future hires. The first PDF is the cost analysis for the proposed changes for current employees (Updated salary scale and 5% per year early retirement reduction). The net impact of the proposed changes for current employees is an increase in actuarial **liabilities of about \$356,000** and an increase to the 2023-2024 **ADEC of about \$77,000**.

The second PDF is the cost analysis for the proposed changes impacting just future employees (retirement age 65 and remove automatic 50% joint and survivor benefit).



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There are no future employees represented in the July 1, 2022 valuation report so we demonstrated the cost of the proposed changes for future hires by showing the impact on the City's Normal cost for recent hires of Local 71. The impact of the proposed changes for future employees is a decrease on the ADEC of about 2% of pay. Please note that this savings of 2% would be experienced on a long-term basis, as it would initially have a small impact.