

DATE: May 23, 2006

TO: AIS Committee

RE: 2007 General Adjustment  
Recommendation for Directors

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**I. Director General Adjustment / Performance Bonus Pool Considerations:**

Statewide Comparables – February MML Quick Poll results

- 2006/2007 Statewide salary increases set for department heads and other non-union employees average %2.24.
- 2006/2007 Statewide salary increases planned or proposed for department heads and other non-union employees average %2.

Local Comparables – Survey of General Adjustments for Exempt Employees

- 11 Comps in Tri-County area average 2.1% increases for 2006.
- Higher increases between 2% and 3% are anticipated for 2007.

Internal Comparables – General Wage Adjustments for City of Rochester Hills

- Directors ranked last among City employee groups for wage adjustments between 1999 and 2004, with 16.5% in total adjustments (not including roll-ups). About .5% less than 2491 and Non-union over the same period.
- Union Negotiations – 2% adjustments currently proposed for AFSCME Local 2491 and IAFF Local 3472 for 2007.

Economic Indicator – 3.4% change in Consumer's Price Index since March 2005.

Conclusions:

- Inflation continues to outpace wage increases.
- The City is seeking to hold the line on operating expenses while allowing some room wage adjustments in order to remain competitive in the local labor market.
- Director general adjustments impact the pattern of both non-union and bargaining unit adjustments. An adjustment in excess of 2% would likely impact union wage demands during current negotiations.

**II. 2007 Director General Adjustment Recommendation: 2%**

Budget impacts:

- A 2% adjustment would increase the budget for Directors' base salaries by \$14,476 to \$901,990.93.

Alternative impacts:

- A 2.5% adjustment would increase the budget for Directors' General Adjustment by \$22,187.86 to \$909,702.22.
- A 3% adjustment would increase the budget for Directors' General Adjustment by \$26,625.43 to \$914,139.79.

C: Mayor Barnett