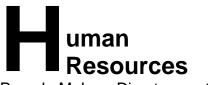
#### CITY OF ROCHESTER HILLS



Pamela M. Lee, Director—ext. 2521

DATE: May 23, 2006

TO: AIS Committee

RE: 2007 General Adjustment

Recommendation for Directors

## 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 – <u>Survey of General Adjustments for Exempt Employees</u>

- ➤ 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