NEWARK
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**CITY OF NEWARK**
**DELAWARE**

November 30, 2016

TO: Mayor and City Council

VIA: Carol S. Houck, City Manager

FROM: Andrew S. Haines, Deputy City Manager

RE: Personnel Wage Growth in the 2017 Draft Budget

During the November 21, 2016 Budget Hearing on the 2017 Draft Budget, a statement was made regarding employee wage progression or growth, suggesting the value was closer to seven percent (7%) and not the data provided by staff. This statement was brought up again during public comment at the November 28, 2016 Council meeting, with a suggestion for a lump sum value that is assignable among management employees by the City Manager. That methodology would necessitate City Code changes on established pay plan structure for management employees and would not be a legal option among the unionized workforce. Though the question was not directly presented for staff to respond during either meeting, it is relevant that Mayor and Council review the 2017 Draft Budget based on accurate information. When reviewing the proposed 2017 wage growth, the following is presented within the Draft Budget:

- AFSCME: Tentative Agreement will have an annualized estimate of 1.25-1.50% as implemented throughout the entire calendar year.
- CWA: 2.9% as provided in a fourth-year option.
- FOP: comprehensive pay plan change that averages 4.25-5.0%
- MGMT: 1.5% increase to the codified pay plan.

Depending on which employee group is selected, and which individual employee(s) position(s) is selected, there may be opportunities for wage growth up to an approximate seven percent (7%) increase. This is only achievable if an individual employee is not yet capped at the maximum pay step within his or her employee group, if he or she merits an authorized step increase and most likely is within the CWA or FOP employee sector based on known wage growth over merit step opportunities.

The financial assumptions for any given budget year projects that an employee will merit a step increase, if one is remaining by contract or code, but each employee is assessed by the respective department director and City Manager's Office prior to authorizing the merit increase. Absent a contractual increase, any employee not stepped out would have a budgeted increase value of 4% to properly budget potential structured wage growth. Therefore, to capriciously state staff in general is receiving a 7% wage increase is not accurate.

Staff is prepared to answer any further inquiries on personnel and its associated expenses in advance or at the December 5, 2016 Council meeting on the 2017 Draft Budget. This memorandum will also be placed on Budget Central, consistent with other budget related materials.

c: Dave Del Grande, Director of Finance