



Finance Department

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MEMORANDUM

TO: Mayor Rhodes-Conway and the Finance Committee

FROM: David Schmiedicke, City Finance Director

DATE: March 6, 2023

RE: Ordinance 3.54(6)(c)4 – Compensation of Managerial Employees

Ordinance 3.54(9)(c)4 requires the City Finance Director to calculate the maximum amount for salary adjustments for managerial employees. The amount is based upon the estimated percent increase associated with longevity and step increases for all employees combined with the percent increase granted to non-represented employees. The combined percentage is multiplied by the total annual salaries of managerial employees to generate a maximum amount for salary adjustments that can be provided to those employees. For 2023, the cumulative percentage increase is 6.19% and the maximum adjustment is \$186,738.

Calculations

Of the 2,843 eligible City employees, 576 will receive step increases in 2023. Each step increase averages approximately 4% of base pay.

Of the 2,843 eligible City employees, 658 will receive longevity increases in 2023. Those increases average approximately 2.00% of base pay.

The 2023 total wage base for those 2,843 employees is \$210,608,867. Therefore:

The 2023 step increases are valued at:	\$1,612,606
The 2023 longevity increases are valued at:	<u>898,691</u>
Total value of steps and longevity increases is:	<u>\$2,511,298</u>

The value of these step and longevity increases (\$2,511,298) divided by \$210,608,868 equals 1.19%. The cumulative percentage salary increase granted to non-represented employees in Compensation Group (CG) 18 for 2023 is 5%. With the CG 18 increases occurring in January (2%), July (2%) and November (1%), the weighted compounded average annual increase for 2023 is 3.16%. This factor is used to calculate the maximum cost of any CG 21 pay increases in 2023.

The total weighted percentage available for 2023 salary adjustments for managerial employees, then, is 4.35% (CG 18 pay increase of 3.16% plus step and longevity of 1.19%). CG 21 pay increases are retroactive to the effective date of the CG 18 pay increases. The total current salary of managerial employees eligible for an increase is \$4,289,627. The maximum amount for salary adjustments pursuant to the referenced ordinances, therefore, is \$186,738. The estimated cost in 2023 of providing all CG 21 employees with the same cumulative salary increase as CG 18 is \$135,588. This amount has been included in adopted agency budgets for 2023.

cc: Common Council