

Memorandum



FROM: Robert Kuntz, City Administrator
DATE: October 21, 2014
TO: Mayor Pogue
Board of Aldermen
RE: Budget Changes and Options

In the first two workshop sessions, we have discussed employee compensation, major projects and proposed departmental overviews. A preliminary review of projected revenues has forced us to take a second look at our expenditures to reduce costs and to present potential options for Board consideration. A comprehensive listing of our proposed changes is attached.

In terms of options, we heard what you said about street improvements. We were able to persuade the contractor who applied the new microsurfacing product in Rolla to do a demo project for us. He has agreed to do Graywood and Whiteacre for a cost of \$35,000; thereby freeing up \$134,387 to address the New Ballwin intersection or other streets, subject to Board direction.

Another option that the Board might wish to consider would be to upgrade our LAGERS pension plan to the next benefit level. Based on preliminary indications, this could be cost effective if applied in lieu of a 3% salary adjustment. An actuarial assessment will have to be completed to verify budget impact.

Respectfully submitted,

Robert Kuntz, City Administrator

From: Keller,Denise
To: Errickson, Cindy
Subject: Budget Changes and Options - Kuntz memo 10-21-14
Date: Wednesday, October 22, 2014 10:52:05 AM

From: Kramer, Gary
Sent: Tuesday, October 21, 2014 3:40 PM
To: Keller, Denise; Kuntz, Robert
Subject: Budget Changes and Options - Kuntz memo 10-21-14

I came up with the savings for New Ballwin Road as follows:

Deduct:	
Graywood mill/repave	-\$ 149,863
Whiteacre overlay	-\$ 54,074
Add:	
Graywood micro paving	+\$ 25,000
Whiteacre slabs	+\$ 34,550
<u>Whiteacre micro paving</u>	<u>+\$ 10,000</u>
NET SAVINGS	\$134,387

Let me know if this is ok.

Gary

Proposed Expenditure Changes

Police car camera system - hardware cost is moved to budget from federal asset seizure fund	\$86,500
New Ballwin Park light replacements deferred in favor of a potential pilot demonstration project	\$72,000
Great Streets bollards to be paid in 2014	\$54,000
Personnel budget adjustments - updated start date estimates for two police hires and one public works military leave return	\$37,570
Golf pick-up truck deferred due to limited mileage exposure	\$19,000
Post top lighting in front of police station reduced from four to two	\$9,000
Health insurance increase reduced from 6% to 5% per revised forecast	\$7,000
Workers compensation insurance increase reduced from 10% to 6% per audit adjustment	\$4,400
Pointe part-time pay for lock-in events adjusted	\$3,200
Property liability insurance increase reduced from 10% to 5% per revised estimate	\$2,600
Rutting repairs on New Ballwin Road; change from resurfacing for Graywood and Whiteacre Court to microsurfacing	(\$5,600)
Streets contingency	(\$25,000)
Total Adjustments	<u><u>\$264,670</u></u>

M E M O

TO: Bob Kuntz, City Administrator

FROM: Denise Keller, Finance Officer

DATE: January 15, 2013

RE: LAGERS Plan Change

Public pension plans are designed to close the gap in salaries between the public and private sectors. According to a study cited by the National Institute on Retirement Security, employees in the public sector earn an average of 11 – 12% less than their peers in the private sector with comparable earnings determinants such as education and work experience.

Looking at the other piece of a compensation package, benefits (e.g. pensions) make up a slightly larger share of compensation in the local sector. But even after accounting for the value of retirement, healthcare, and other benefits, local employees still earn less than private sector counterparts. On average, total compensation is 7.4% lower for local employees than for comparable private sector employees. The full report is available at http://www.nirsonline.org/storage/nirs/documents/final_out_of_balance_report_april_2010.pdf.

During the recent Board of Alderman Retreat, one Alderman was making comparisons between the pension benefit level received by federal employees and teachers and the pension benefit level received by Ballwin employees. A more appropriate comparison would be with other municipalities in the local and regional area. Municipal employees perform similar services to those performed by Ballwin employees and their benefit packages would be more comparable as well.

Under L-3, Ballwin's current plan under LAGERS, the benefit level is 1.25%. Among the 10 peer cities in the area to which Ballwin compares itself, 6 of these provide their employees with a defined benefit pension plan. All 6 have a higher benefit level than Ballwin does, and their levels range from a low of 1.5% to a high of 2.1%. The other 4 cities offer defined contribution plans similar to the one previously in place for our policemen.

There are 53 LAGERS member cities that are comparable in size to Ballwin (80 or more employees), and of these 53 cities 81% provide a pension benefit level higher than Ballwin's.

Of the 45 LAGERS member cities located in St. Charles and St. Louis counties, 73% provide a pension benefit level higher than Ballwin's.

The City has in its budget for 2013 the necessary funds to increase the pension benefit level from 1.25% to 1.5%. While this increase of 20% appears to be generous, it is in fact simply bringing the City's compensation package to a level that is more in line with what is provided by its peer cities. It also assists with narrowing the compensation gap between Ballwin employees and private sector employees.

If I can provide any additional research on this topic, please let me know.

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Benefit Program Examples

Benefit Factor	x	Final Average Salary	x	Years of Service Credit	=	Monthly Benefit	Annual Benefit	% of Salary Replaced	Estimated Lifetime Benefit
1.25%	x	2000	x	5	=	\$125.00	\$1,500.00	6%	\$30,000.00
1.25%	x	2000	x	15	=	\$375.00	\$4,500.00	19%	\$90,000.00
1.25%	x	2000	x	25	=	\$625.00	\$7,500.00	31%	\$150,000.00
1.25%	x	2000	x	35	=	\$875.00	\$10,500.00	44%	\$210,000.00
1.25%	x	2500	x	5	=	\$156.25	\$1,875.00	6%	\$37,500.00
1.25%	x	2500	x	15	=	\$468.75	\$5,625.00	19%	\$112,500.00
1.25%	x	2500	x	25	=	\$781.25	\$9,375.00	31%	\$187,500.00
1.25%	x	2500	x	35	=	\$1,093.75	\$13,125.00	44%	\$262,500.00
1.25%	x	3000	x	5	=	\$187.50	\$2,250.00	6%	\$45,000.00
1.25%	x	3000	x	15	=	\$562.50	\$6,750.00	19%	\$135,000.00
1.25%	x	3000	x	25	=	\$937.50	\$11,250.00	31%	\$225,000.00
1.25%	x	3000	x	35	=	\$1,312.50	\$15,750.00	44%	\$315,000.00
1.25%	x	3500	x	5	=	\$218.75	\$2,625.00	6%	\$52,500.00
1.25%	x	3500	x	15	=	\$656.25	\$7,875.00	19%	\$157,500.00
1.25%	x	3500	x	25	=	\$1,093.75	\$13,125.00	31%	\$262,500.00
1.25%	x	3500	x	35	=	\$1,531.25	\$18,375.00	44%	\$367,500.00
1.25%	x	4000	x	5	=	\$250.00	\$3,000.00	6%	\$60,000.00
1.25%	x	4000	x	15	=	\$750.00	\$9,000.00	19%	\$180,000.00
1.25%	x	4000	x	25	=	\$1,250.00	\$15,000.00	31%	\$300,000.00
1.25%	x	4000	x	35	=	\$1,750.00	\$21,000.00	44%	\$420,000.00

“Final Average Salary” means the monthly average of an employee’s compensation during the period of 60 consecutive months (or optionally, 36 consecutive months) when they were highest, contained within the last 120 months of Credited Service.

Amounts are shown to nearest \$1, for simplicity; actual amounts are to nearest cent.

• Estimated Life Time Benefit assumes that the retiree lives 20 years past retirement and the amount does not include cost of living adjustments

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Benefit Program Examples

Benefit Factor	x	Final Average Salary	x	Years of Service Credit	=	Monthly Benefit	Annual Benefit	% of Salary Replaced	Estimated Lifetime Benefit
1.50%	x	2000	x	5	=	\$150.00	\$1,800.00	8%	\$36,000.00
1.50%	x	2000	x	15	=	\$450.00	\$5,400.00	23%	\$108,000.00
1.50%	x	2000	x	25	=	\$750.00	\$9,000.00	38%	\$180,000.00
1.50%	x	2000	x	35	=	\$1,050.00	\$12,600.00	53%	\$252,000.00
1.50%	x	2500	x	5	=	\$187.50	\$2,250.00	8%	\$45,000.00
1.50%	x	2500	x	15	=	\$562.50	\$6,750.00	23%	\$135,000.00
1.50%	x	2500	x	25	=	\$937.50	\$11,250.00	38%	\$225,000.00
1.50%	x	2500	x	35	=	\$1,312.50	\$15,750.00	53%	\$315,000.00
1.50%	x	3000	x	5	=	\$225.00	\$2,700.00	8%	\$54,000.00
1.50%	x	3000	x	15	=	\$675.00	\$8,100.00	23%	\$162,000.00
1.50%	x	3000	x	25	=	\$1,125.00	\$13,500.00	38%	\$270,000.00
1.50%	x	3000	x	35	=	\$1,575.00	\$18,900.00	53%	\$378,000.00
1.50%	x	3500	x	5	=	\$262.50	\$3,150.00	8%	\$63,000.00
1.50%	x	3500	x	15	=	\$787.50	\$9,450.00	23%	\$189,000.00
1.50%	x	3500	x	25	=	\$1,312.50	\$15,750.00	38%	\$315,000.00
1.50%	x	3500	x	35	=	\$1,837.50	\$22,050.00	53%	\$441,000.00
1.50%	x	4000	x	5	=	\$300.00	\$3,600.00	8%	\$72,000.00
1.50%	x	4000	x	15	=	\$900.00	\$10,800.00	23%	\$216,000.00
1.50%	x	4000	x	25	=	\$1,500.00	\$18,000.00	38%	\$360,000.00
1.50%	x	4000	x	35	=	\$2,100.00	\$25,200.00	53%	\$504,000.00

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