

EMPLOYEES — THE CITY'S MOST IMPORTANT ASSET

The City, like most local governmental units, provides services and can therefore be classified as a labor-intensive organization. Any organization that provides services can expect a substantial portion of its budget to be allocated for personnel costs. The following chart illustrates the City's personnel costs.

	Key Personnel Statistics	
	General <u>Fund</u>	Total <u>City</u>
Total Budget	\$94.8 Million	\$198.1 Million
Employees	781	1,190
Personnel Costs	\$70.7 Million	\$90.5 Million
Percentage		
Personnel	74.5	45.6
Salary	53.9	32.9
Fringe Benefits	20.7	12.7

To help contain personnel costs, the City has taken several steps in the past to economize its use of personnel while maintaining service quality. These steps include:

- eliminating certain services;
- changing the method of delivery for certain services;
- contracting certain specialized and/or seasonal services to private contractors; and
- adding certain key positions.

As part of the City's budget preparation process, departments consider the aforementioned means of reducing personnel costs while maintaining service levels and quality. When departments prepare their personnel and dollar budgets, they give consideration to current and future practices in the context of the above factors. The 2005 budget was developed using these steps as guideposts to ensure that quality services are being delivered with the lowest possible personnel costs. All departments and agencies prepared budgets by analyzing their operations in light of the above factors.

EMPLOYMENT TRENDS

Between 2002 and 2004, the total number of City employees declined approximately 2.5% and 1%. In 2005, the total number of employees increases slightly to reflect marginal employee changes.

CITY OF ROCKFORD, ILLINOIS 2005 BUDGET PERSONNEL AUTHORIZATION ALL FUNDS

PROGRAMS AND AGENCIES	<u>2002</u>	<u>2003</u>	<u>2004</u>	2003-2004 INCREASE (DECREASE)	<u>2005</u>	2004-2005 INCREASE (DECREASE)
LEGISLATIVE & MANAGEMENT						
MAYOR	7.00	6.00	6.00	0.00	8.00	2.00
COUNCIL				0.00		0.00
LEGAL	17.60	16.00	16.00	0.00	16.60	0.60
FINANCE	37.25	34.25	33.00	(1.25)	34.00	1.00
FINANCE-INFORMATION SERVICES	8.75	7.75	9.00	1.25	10.00	1.00
PERSONNEL	<u>7.00</u>	<u>7.00</u>	<u>7.00</u>	<u>0.00</u>	<u>7.00</u>	<u>0.00</u>
LEGISLATIVE & MGMT TOTAL	<u>77.60</u>	<u>71.00</u>	<u>71.00</u>	<u>0.00</u>	<u>75.60</u>	<u>4.60</u>
COMMUNITY DEVELOPMENT						
CD ADMINISTRATION	2.15	2.15	2.25	0.10	1.85	(0.40)
CD DEVELOPMENT	17.60	17.60	17.75	0.15	19.40	1.65
CD PLANNING	<u>16.25</u>	<u>14.25</u>	<u>12.00</u>	<u>(2.25)</u>	<u>11.75</u>	<u>(0.25)</u>
COMM DEV DEPARTMENT	36.00	34.00	32.00	(2.00)	33.00	1.00
BUILDING INSPECTION	<u>21.00</u>	<u>20.00</u>	<u>20.00</u>	<u>0.00</u>	<u>20.00</u>	<u>0.00</u>
COMM DEVELOPMENT TOTAL	<u>57.00</u>	<u>54.00</u>	<u>52.00</u>	<u>(2.00)</u>	<u>53.00</u>	<u>1.00</u>
HUMAN SERVICES						
HUMAN SERVICES	103.88	91.75	92.75	1.00	91.75	(1.00)
DRUG FREE INITIATIVE	1.50	1.50	1.50	0.00	1.50	0.00
TUBERCULOSIS SANITARIUM	0.00	0.00	0.00	0.00	0.00	0.00
LIBRARY	<u>111.00</u>	<u>108.50</u>	<u>97.00</u>	<u>(11.50)</u>	<u>98.00</u>	<u>1.00</u>
HUMAN SERVICES TOTAL	<u>216.38</u>	<u>201.75</u>	<u>191.25</u>	<u>(10.50)</u>	<u>191.25</u>	<u>0.00</u>
PUBLIC SAFETY						
POLICE	334.00	333.00	332.00	(1.00)	332.00	0.00
FIRE	277.00	277.00	277.00	0.00	280.00	3.00
911 COMMUNICATIONS	<u>61.00</u>	<u>61.00</u>	<u>61.00</u>	<u>0.00</u>	<u>61.00</u>	<u>0.00</u>
PUBLIC SAFETY TOTAL	<u>672.00</u>	<u>671.00</u>	<u>670.00</u>	<u>(1.00)</u>	<u>673.00</u>	<u>3.00</u>
PUBLIC WORKS						
ADMINISTRATION	6.50	6.50	6.50	0.00	6.50	0.00
ENGINEERING	4.70	4.70	5.00	0.30	4.70	(0.30)
STREETS & SEWERS	48.50	40.50	40.50	0.00	40.50	0.00
PROPERTY	0.00	0.00	0.00	0.00	0.00	0.00
TRAFFIC	19.00	18.00	18.00	0.00	18.00	0.00
CAPITAL PROJECT	12.80	12.80	12.50	(0.30)	12.80	0.30
PARKING SYSTEM	9.00	9.00	9.00	0.00	9.00	0.00
SANITATION	3.00	3.00	3.00	0.00	3.00	0.00
PROPERTY & EQUIPMENT	25.00	26.00	28.00	2.00	28.00	0.00
WATER	<u>73.50</u>	<u>75.50</u>	<u>75.50</u>	<u>0.00</u>	<u>74.50</u>	<u>(1.00)</u>
PUBLIC WORKS TOTAL	<u>202.00</u>	<u>196.00</u>	<u>198.00</u>	<u>2.00</u>	<u>197.00</u>	<u>(1.00)</u>
TOTAL	<u>1,224.98</u>	<u>1,193.75</u>	<u>1,182.25</u>	<u>(11.50)</u>	<u>1,189.85</u>	<u>7.60</u>

Since 2002, 35.13 full-time equivalent positions have been eliminated, a decrease of 2.9%, across program lines in legislative and management, public safety, community development, public works, and human services. If 1980 is used as the benchmark, then municipal employment has been reduced 6%. As was discussed and illustrated with Employees Per 1,000 Residents in the Financial Planning section, there are less employees per capita now than in 1980 despite the fact of a relatively stable population.

Staffing for 2004 was 1,182.25 positions, a reduction of 11.5 FTE over 2003. A majority of the change is attributed to a service change at the Library. In the Legislative & Management group, Finance Department staff was reduced by 1.25 with the elimination of one account clerk and the adjustment of 0.25 FTE to the Information Services Division. An information services specialist was added as well in the IS Division.

In the Community Development group, there was an overall decrease of 2.0 FTE. A number of personnel adjustments were made in this group, between divisions. The overall result was a loss of two senior office assistant positions, one of which was vacant.

In the Human Services group, staff decreased by 10.50 FTE. This is a result of the addition of a caseworker and the adjustment of staff among divisions, as well as the elimination of maintenance worker positions at the Library.

2005 EMPLOYMENT

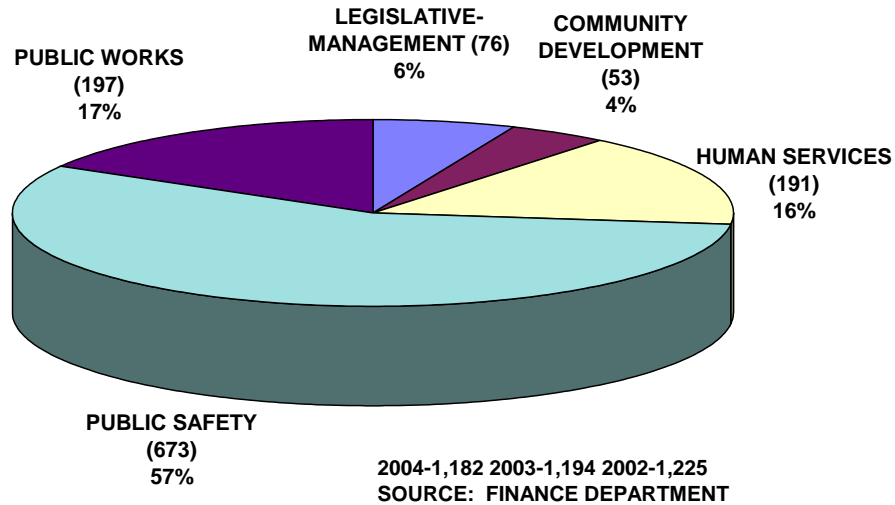
Staffing for the 2005 budget by program is provided in the Personnel Authorization Schedule. Employment has increased to 1,189.85 positions.

Legislative & Management departments saw the largest change, with an increase of 4.60 FTE. The Mayor's Office gains two positions with the addition of a green communities coordinator, which will be funded in part by the Park District, and a special projects coordinator, funded through the Capital Improvements Program. The Legal Department adds a part time (0.60) clerk in the Courthouse office to help with additional work, and the Finance Department adds a grants coordinator. Information Services also has an addition, a database specialist.

In the Community Development group, there is an overall increase of 1.00 FTE. A few personnel adjustments were made in this group, between divisions. The overall result was the addition of an industrial developer in the Development Division.

In the Human Services group, staff remains the same. A number of staff adjustments took place in the Human Services Department; the net change is a decrease of 1.00 FTE. The Library also made a number of slight adjustments, resulting in a gain of 1.00 FTE.

**CITY OF ROCKFORD, ILLINOIS
2005 BUDGET PERSONNEL AUTHORIZATION**



The Public Safety group gained 3.0 FTE in 2005. The Fire Department added three firefighters.

The Public Works Department reduced staff by 1.00 FTE for fiscal year 2005. In the Water Division, a meter reader position and a water service inspector position were both eliminated and replaced by a customer service manager. Some adjustment of staff took place as well.

2005 CHANGES IN COMPENSATION

The majority of the City's work force is organized into five collective bargaining units.

CITY'S EMPLOYEE UNIONS

<u>Unit</u>	<u>Employees</u>	<u>Percentage Of Total</u>
Police Sworn	286.0	24.2%
Fire Sworn	263.0	22.0
Public Works/Clerical (AFSCME)	239.0	20.4
Community Development (AFSCME)	20.0	1.7
Human Services (AFSCME)	70.0	5.9
Library (AFSCME)	61.0	5.2
	868.5	79.4%

Labor agreements were negotiated for all employee groups in 2004. The Police group receives a 3.6% increase, effective April 1, with a total cost of \$450,800 in 2005. All other employee

groups receive a 3.0% increase, effective January 1, and a 1.0% increase July 1, with a total cost of \$885,100.

All current labor agreements will expire at the end of 2005, so no salary increases for 2006 can be predicted.

2002-2005 SALARY AND BENEFIT ADJUSTMENTS BY EMPLOYEE GROUP

<u>Year</u>	<u>Police Sworn</u>	<u>Fire Sworn</u>	<u>AFSCME</u>	<u>AFSCME B</u>	<u>Exempt</u>
2002	4.00	4.00	4.00	4.00	3.00
2003	3.50	3.50	3.50	3.50	0.00
2004	Varied, avg. 3.5 patrol, 3.25 investigator, 3.0 sergeant	3.50	3.50	3.50	3.50
2005	3.60	3.00/1.00	3.00/1.00	3.00/1.00	3.00

The labor agreement for union Library employees runs through December 31, 2006. It includes a 1% wage increase each year of the contract. Exempt library personnel received a 1% increase in 2005.

The balance of the City's employees, management and professional personnel as well as certain exempt clerical positions, participate in a merit pool. Under this plan, employees are eligible for merit increases in midyear up to 4%. The program is reviewed on an annual basis.

From the late 1970's to the 1980's the City paid the total cost of health insurance premiums. In 1988, the Community Development AFSCME group and the exempt employees each began contributing to their health insurance costs. In 2004, employee contributions more than doubled as an effort to control rising health insurance costs. Annual employee costs for 2005 are \$650 for single and \$910 for family. Library full-time employees receive free single coverage and pay \$3,528 for family coverage.

EMPLOYEE FRINGE BENEFITS

Total employee compensation includes not only salaries but also all direct fringe benefits necessary to fund a position. Fringe benefits are often not considered during compensation review and the ramifications of this hidden cost are often not realized until later budget years.

For the City, direct dollar fringe benefits average from 35% to 50% of salaries. While fringe benefits vary by employee group, the selection of Police Sworn, Fire Sworn, Finance (office), and Public Works Streets Division (field) illustrates the four typical groups.

BENEFITS AS A SALARY PERCENTAGE

<u>Benefits</u>	<u>Sworn</u>		<u>Non-Sworn</u>	
	<u>Police</u>	<u>Fire</u>	<u>Office</u>	<u>Field</u>
Pension	15.6	25.7	16.6	16.6
Worker's Comp	2.2	3.3	0.2	3.1
Health	17.3	19.0	25.7	22.6
Other	<u>2.3</u>	<u>2.2</u>	<u>2.0</u>	<u>0.0</u>
Total	37.4	50.2	44.5	42.3

	<u>Average Costs Per Budgeted Position</u>			
Salary	\$59,750	\$59,165	\$43,571	\$41,144
Fringe Benefits	<u>21,013</u>	<u>29,912</u>	<u>19,814</u>	<u>18,460</u>
Total	\$80,763	\$89,077	\$63,385	\$59,604

As shown above, 2005 fringe benefits range from 37.4 percent for police personnel to 50.2 percent for fire personnel, while costs per position range from \$59,604 for the field to \$89,077 for fire. Costs increase primarily because of salary adjustments, health insurance, and pension increases.

In 2004, the fringe benefit range was from 38.3 percent for police personnel to 51.5 percent for fire personnel, while costs per position range from \$56,827 for field to \$87,144 for fire. In 2003, the fringe benefit range was 37.2 percent for office to 48.9 percent for fire; the cost per position ranged from \$50,944 for field to \$79,734 for fire.

Overall, 2005 fringe benefits continue to remain fairly stable. Health insurance costs increase slightly for family coverage and decrease slightly for single coverage. IMRF rates rose moderately, while police and fire pension contributions decreased. A charge per employee for the unemployment fund was instituted. These direct fringe benefits are discussed individually in the Non-Operating Funds section of the budget.

In addition to direct fringe benefit costs, certain indirect fringe benefits, such as vacations and sick leave, may add approximately six to eight percent to the fringe benefit percentages. These costs are not, unless additional positions are budgeted to compensate for this lost time, an addition in dollars, rather they represent a loss in service units delivered. Employees, as this section illustrates, are a key component of the City's budget both in terms of delivering services to citizens and as the single largest expense.