

REQUEST FOR ACTION

Department Head

Brian R. Bloch
Finance Director

City Council Date

December 15, 2009

Agenda Item

5.B.

Consider Employee Salary and Benefit Changes for 2010.

ACTION REQUESTED

Approve a 2.4% cost of living increase for all City employees and a 15.00% increase in the benefit amount the City provides all full-time, benefit eligible employees.

BACKGROUND

Included in the 2010 budget is a cost of living increase of 2.4%. With a 2.4% increase, total wages in the City will increase \$41,563.43 from 2009 levels. I have included a copy of the latest news release from the Bureau of Labor and Statistics that shows a 2.4% increase in wages for the past year (October 1, 2008 to September 30, 2009) for state and local government workers.

The City of Delano has provided a benefit for all full-time, permanent employees to use towards their medical, dental and related insurances. Currently that benefit amount is \$8,000. The major portion of this benefit relates to medical insurance which is provided to employees by HealthPartners (through the LOGIS group). 2010 will be the third year using HealthPartners as the provider for medical insurance. They were awarded the contract for 2008 through a bidding process. When HealthPartners was awarded the contract they agreed to cap increase for 2009 and 2010 at 16% over the year prior. HealthPartners has informed the City that the 2010 premiums will be going up 16% from 2009 levels. The 15.00% increase in the current benefit amount will bring \$8,000 up to \$9,200.

Also during the year the City's group dental insurance premiums increased 11.65% from the year before. Dental insurance premiums are about 1/10 of medical insurance premiums.

The following table is a history of the annual cost of living increase for wages and benefits since 2004:

Year	Wages	Benefits
2009 to 2010	3.24%	15.00%
2008 to 2009	3.50%	14.78%
2007 to 2008	3.85%	4.50%
2006 to 2007	3.90%	16.00%
2005 to 2006	3.90%	12.00%
2004 to 2005	4.00%	9.50%

Staff is recommending a 2.4% increase in wages for all City employees and an increase of 15.00% in the benefit amount the City provides to all full-time, benefit eligible employees.

FUNDING

2009 Budget.

ATTACHMENTS

✓ News release from the Bureau of Labor and Statistics.