

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 | \$112.8 Million | \$252.2 Million |
| Employees | 732 | 1,105 |
| Personnel Costs | \$83.2 Million | \$104.5 Million |
| Percentage | | |
| Personnel | 73.8 | 41.4 |
| Salary | 47.5 | 26.9 |
| Fringe Benefits | 26.3 | 14.5 |

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 inefficient or ineffective services;
- improving 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 2011 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

Since 2009, 105.85 full-time equivalent positions have been eliminated, a decrease of 8.7%, across program lines in legislative and management, public safety, community development, public works, and human services.

| CITY OF ROCKFORD, ILLINOIS 2011 BUDGET PERSONNEL AUTHORIZATION ALL FUNDS | | | | | | |
|---|-----------------|-----------------|-----------------|-------------------------------------|-----------------|-------------------------------------|
| PROGRAMS AND AGENCIES | <u>2008</u> | <u>2009</u> | <u>2010</u> | 2009-2010 INCREASE (DECREASE) | <u>2011</u> | 2010-2011 INCREASE (DECREASE) |
| LEGISLATIVE & MANAGEMENT | | | | | | |
| MAYOR | 8.00 | 8.00 | 6.00 | (2.00) | 5.00 | (1.00) |
| COUNCIL | | | | 0.00 | | 0.00 |
| LEGAL | 20.00 | 20.00 | 17.00 | (3.00) | 12.00 | (5.00) |
| FINANCE | 34.00 | 34.00 | 32.00 | (2.00) | 32.00 | 0.00 |
| INFORMATION SERVICES | 10.00 | 8.00 | 6.00 | (2.00) | 6.00 | 0.00 |
| HUMAN RESOURCES | 7.00 | 7.00 | 6.00 | (1.00) | 5.00 | (1.00) |
| LEGISLATIVE & MGMT TOTAL | <u>79.00</u> | <u>77.00</u> | <u>67.00</u> | <u>(10.00)</u> | <u>60.00</u> | <u>(7.00)</u> |
| COMMUNITY DEVELOPMENT | | | | | | |
| CD ADMINISTRATION | 2.00 | 2.00 | 1.50 | (0.50) | 1.50 | 0.00 |
| CD CODE ENFORCEMENT | 13.00 | 13.00 | 12.20 | (0.80) | 10.20 | (2.00) |
| CD PLANNING | 11.25 | 6.30 | 5.30 | (1.00) | 4.30 | (1.00) |
| CD CONSTRUCTION SERVICES | 19.00 | 25.00 | 18.00 | (7.00) | 15.00 | (3.00) |
| CD SANITATION | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| CD DEVELOPMENT | 8.75 | 7.50 | 7.00 | (0.50) | 8.00 | 1.00 |
| COMM DEVELOPMENT TOTAL | <u>54.00</u> | <u>53.80</u> | <u>44.00</u> | <u>(9.80)</u> | <u>39.00</u> | <u>(5.00)</u> |
| HUMAN SERVICES | | | | | | |
| HUMAN SERVICES | 92.50 | 90.75 | 97.85 | 7.10 | 99.00 | 1.15 |
| DRUG FREE INITIATIVE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| TUBERCULOSIS SANITARIUM | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| LIBRARY | <u>109.20</u> | <u>115.10</u> | <u>82.00</u> | <u>(33.10)</u> | <u>84.50</u> | <u>2.50</u> |
| HUMAN SERVICES TOTAL | <u>201.70</u> | <u>205.85</u> | <u>179.85</u> | <u>(26.00)</u> | <u>183.50</u> | <u>3.65</u> |
| PUBLIC SAFETY | | | | | | |
| POLICE | 339.00 | 345.00 | 318.00 | (27.00) | 318.00 | 0.00 |
| FIRE | 282.00 | 282.00 | 282.00 | 0.00 | 278.00 | (4.00) |
| 911 COMMUNICATIONS | <u>53.00</u> | <u>53.00</u> | <u>53.00</u> | <u>0.00</u> | <u>53.00</u> | <u>0.00</u> |
| PUBLIC SAFETY TOTAL | <u>674.00</u> | <u>680.00</u> | <u>653.00</u> | <u>(27.00)</u> | <u>649.00</u> | <u>(4.00)</u> |
| PUBLIC WORKS | | | | | | |
| ADMINISTRATION | 6.50 | 4.50 | 3.50 | (1.00) | 2.00 | (1.50) |
| ENGINEERING | 4.50 | 10.00 | 7.45 | (2.55) | 5.50 | (1.95) |
| STREETS & SEWERS | 39.50 | 40.00 | 38.00 | (2.00) | 32.00 | (6.00) |
| TRAFFIC | 18.00 | 12.40 | 13.00 | 0.60 | 11.00 | (2.00) |
| CAPITAL PROJECT | 15.80 | 16.30 | 17.05 | 0.75 | 18.50 | 1.45 |
| PARKING SYSTEM | 9.00 | 9.00 | 8.50 | (0.50) | 8.50 | 0.00 |
| SANITATION | 1.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| PROPERTY & EQUIPMENT | 28.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| BUILDING MAINTENANCE | 0.00 | 12.00 | 12.00 | 0.00 | 10.00 | (2.00) |
| EQUIPMENT MAINTENANCE | 0.00 | 11.00 | 11.00 | 0.00 | 10.00 | (1.00) |
| CENTRAL STORES | 0.00 | 4.00 | 4.00 | 0.00 | 4.00 | 0.00 |
| WATER | <u>75.70</u> | <u>75.00</u> | <u>77.00</u> | <u>2.00</u> | <u>72.00</u> | <u>(5.00)</u> |
| PUBLIC WORKS TOTAL | <u>198.00</u> | <u>194.20</u> | <u>191.50</u> | <u>(2.70)</u> | <u>173.50</u> | <u>(18.00)</u> |
| NON OPERATING | | | | | | |
| CITY HALL REHAB MGMT | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> | <u>0.00</u> |
| TOTAL | <u>1,206.70</u> | <u>1,210.85</u> | <u>1,135.35</u> | <u>(75.50)</u> | <u>1,105.00</u> | <u>(30.35)</u> |

Staffing for 2010 was 1,135.25 positions, a decrease of 75.50 FTE over 2009. 10 positions were eliminated from Legislative and Management, 9.8 eliminated from Community Development, 33.1 eliminated from Library while Human Services increased 7.10. 27 positions were eliminated from Police and 2.7 eliminated from Public Works.

2010 EMPLOYMENT

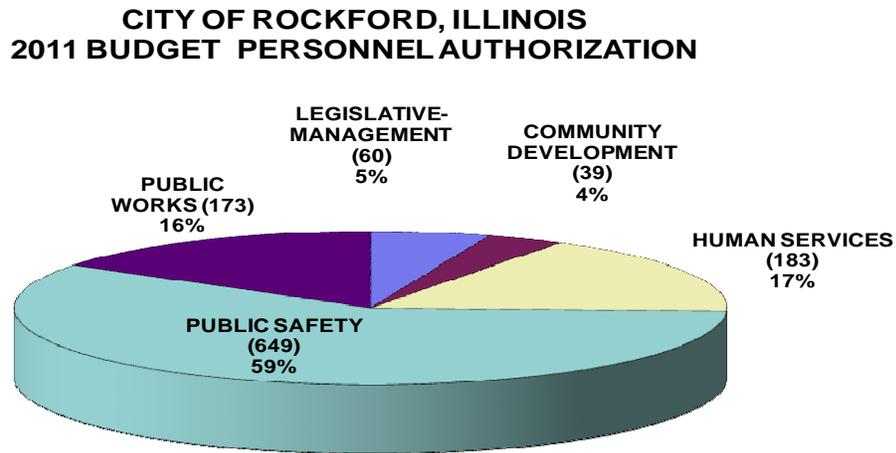
Staffing for the 2011 budget by program is provided in the Personnel Authorization Schedule. Employment has decreased to 1,105.00 positions.

The Public Works group saw the largest change. Public Works total FTE decreased by 18.00, for reductions of 8 maintenance workers, 2 traffic personnel, and 5 water plant operators.

In the Legislative and Management group, there is an overall decrease of 7.00 FTE. Reductions include five positions Legal and one position in both Human Resources and Mayor's Office.

In the Public Safety group, there is an overall decrease of 4.00 FTE. Reductions include four positions in the Administration Division of the Fire Department.

In the Human Services group, there is a small increase of 3.65 FTE. Increases include 2.5 FTE for Library and 1.15 for Senior Office Assistant in the Human Service Division.



2010- 1,135, 2009-1,211, 2008-1,207
SOURCE: FINANCE DEPARTMENT

2011 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 | 271.0 | 31.0% |
| Fire Sworn | 264.0 | 30.1 |
| Public Works/Clerical (AFSCME) | 210.5 | 24.0 |
| Community Development (AFSCME) | 17.0 | 2.0 |
| Human Services (AFSCME) | 51.9 | 5.9 |
| Library (AFSCME) | <u>61.0</u> | <u>7.0</u> |
| | 875.4 | 100.0% |

2007-2011 SALARY AND BENEFIT ADJUSTMENTS BY EMPLOYEE GROUP (Percentage)

| <u>Year</u> | <u>Police Sworn</u> | <u>Fire Sworn</u> | <u>AFSCME</u> | <u>AFSCME B</u> | <u>Exempt</u> |
|-------------|---------------------|-------------------|---------------|-----------------|---------------|
| 2007 | 3.50 | 3.50 | 3.50 | 3.50 | 3.00 |
| 2008 | 4.00 | 4.00 | 4.00 | 4.00 | 2.50 |
| 2009 | 0 | 0 | 4.00 | 4.00 | -3.33 |
| 2010 | 2.00 | 2.00 | 0 | 0 | 0 |
| 2011 | 2.00 | Arbitration | 0 | 0 | 0 |

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. In 2007, the City introduced a new health savings (HSA) option in addition to the traditional PPO plan for health insurance premiums. Annual premium costs for the HSA in 2011 are \$6,994 for single, \$13,988 for single plus one, and \$20,982 for family. Annual premium costs for the traditional PPO plan in 2011 are \$8,034 for single, \$16,068 for single plus one, and \$24,102 for family.

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 50.7% to 65.2% 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 | 24.8 | 32.3 | 20.5 | 23.4 |
| Worker's Comp | 3.6 | 4.6 | 0.2 | 4.1 |
| Health | 26.7 | 27.9 | 28.9 | 32.9 |
| Other | <u>0.9</u> | <u>0.4</u> | <u>1.1</u> | <u>0.2</u> |
| Total | 56.0 | 65.2 | 50.7 | 60.6 |
| | <u>Average Costs Per Budgeted Position</u> | | | |
| Salary | \$71,079 | \$71,157 | \$51,520 | \$35,489 |
| Fringe Benefits | <u>39,803</u> | <u>46,415</u> | <u>26,094</u> | <u>21,512</u> |
| Total | \$110,882 | \$117,571 | \$77,614 | \$57,001 |

As shown above, 2011 fringe benefits range from 50.7 percent for office personnel to 65.2 percent for fire personnel, while average costs per position range from \$57,001 for field personnel to \$117,571 for firefighters. Costs increase primarily because of salary adjustments, and health insurance.

In 2009, fringe benefits ranged from 45.5 percent for office personnel to 62.6 percent for fire personnel, while costs per position ranged from \$66,852 for the field to \$113,384 for fire. In 2010, the fringe benefit range was from 48.0 percent for office personnel to 65.6 percent for fire personnel, while costs per position range from \$69,905 for field to \$97,254 for fire.

Overall, 2011 fringe benefits, except for health insurance and pension, continue to remain fairly stable. 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.