



# MEMORANDUM ERIE COUNTY DIVISION OF BUDGET AND MANAGEMENT

0'13 PM 2 46

**TO:** County Comptroller Stefan Mychajliw

**FR:** Robert Keating, Director of Budget and Management *rk*

**DATE:** January 10, 2013

**RE:** Cash Flow Impact of Teamster and CSEA Correction Officers Contracts

Thank you for your memorandum dated January 9, 2013, regarding the cash flow impact of the recently settled Teamster and CSEA Correction Officers collective bargaining agreements. I received your memorandum late in the day yesterday afternoon and I write to clear up some potential questions contained in your memo.

The two contracts you reference were approved unanimously by the Erie County Legislature in December 2012, and have a cash flow impact on the County in 2013. This information and data was shared by the Division of Budget and Management with the Comptroller's Office in late 2012, and was similarly communicated to all members of the County Legislature in December 2012 at an open and public legislative caucus.

As you know, your Deputy Comptroller Gregory Gach was handling cash flow projections for then Comptroller David Shenk in December 2012 and should have been fully aware of the cash flow implication from ratification of the two contracts. However, I am more than happy to summarize the cash impact of these contracts in the event your staff has not properly informed you of the matter.

Both contracts contain cost of living adjustments ("COLA") in 2013, with the early 2013 cash flow impact lessened because each union's COLAs are paid out bi-weekly through the County payroll during the twenty six (26) pay periods in 2013. The cost of the Teamsters' 2013 contract provisions, including salary, fringe benefits and overtime, is \$1.67 million and the cost of the CSEA correction officers' 2013 contract provisions, again including salary, fringe benefits and overtime, is \$900,000. As you noted, we were successful in applying for and receiving efficiency grant funding from the Erie County Fiscal Stability Authority for the CSEA correction officers contract so this expense will only be a timing issue for cash flow purposes.

The Teamsters will receive a one-time signing bonus payment of approximately \$1.85 million. That payment is currently scheduled to be made by the Department of Personnel on January

18, 2013. As an accounting treatment, that expense will be accrued to the County's 2012 fiscal year and addressed through 2012 "surplus" or fund balance.

From my review of SAP, I see the County received \$16.975 million from New York State on January 8, 2013, which should easily mitigate the impact of the signing bonus payment to be made on January 18, 2013.

For years, the Comptroller's Office's cash management staff has prepared a daily cash sheet showing the County's cash position. Earlier this week, your office stopped providing me with a copy of that daily document. In the spirit of cooperation, I hereby formally request that you continue to provide me with that important document or whatever tracking tool is currently being used for cash status analysis.

I look forward to continue working with you for the benefit of County residents.



**COUNTY OF ERIE**  
**STEFAN I. MYCHAJLIW**  
**COMPTROLLER**

**TO:** Robert Keating, Director of Budget & Management  
**FROM:** Stefan I. Mychajliw, Comptroller   
**DATE:** January 9<sup>th</sup>, 2013  
**SUBJECT:** Union Contract Settlements

In light of recent fiscal problems the county experienced by not having enough money to pay our bills at the beginning of this year, it is critically important for our office to regularly communicate with you concerning more issues out of my control that will impact current cash flow.

There are upcoming "one shot" payments the county must provide some union employees because of previously agreed upon contractual agreements that will negatively impact cash flow. Raises for a new contract will kick in as well.

We have been advised by the Personnel Department that on January 18<sup>th</sup>, 2013, the Teamsters signing bonus and back pay will be paid totaling approximately \$1,369,000.

In addition to the signing bonus, there are raises to be paid in the new Teamsters contract, at an additional estimated 2013 impact of \$1.3 million. This figure does not include fringe benefits and overtime, so the economic impact will be higher.

The Civil Service Employees Union (CSEA) Corrections Officers contract provisions will also impact cash flow this year, costing approximately an additional \$770,692 in 2013. This figure also does not include fringe benefits and overtime impact.

We know the Erie County Fiscal Stability Authority (ECFSA) will pay for the CSEA Corrections Officers 2013 raises through an efficiency grant. But as you are well aware, we need to come up with the cash first, fill out a formal reimbursement claim to the ECFSA, and they will give us the money back at a later date. We still need the cash now, upfront.

These three economic factors will negatively impact the 2013 cash flow to the tune of \$3,439,692. Please advise if these contracts are covered in the 2013 budget or do you recommend we add this to the 2013 cash flow.

I also want to support Erie County Executive Mark Poloncarz's public position, as reported in the Buffalo News, that would not grant "any additional pay raises for 2007 or lump sum back pay 'due to the state of the county's finances,'" as it pertains to the possibility that the Erie County Legislature will provide a one-year salary adjustment to some CSEA members.

Legally the Legislature can impose a salary adjustment and increase wages. I wholeheartedly understand how hard our employees work on behalf of taxpayers. These dedicated individuals have gone without raises for many years, while their bills at home are going up. We should reward our workers, however we must respect taxpayers. We should always offer our workers raises they deserve, but ones that taxpayers can afford. Any raises for employees should come through negotiations and be met with concessions on benefits that save taxpayer dollars..

At this time, it appears as though the county's cash crunch is very serious. We should err on the side of caution and keep county spending to a minimum.