

# COMMITTEE MEMORANDUM

Item #6

**COMMITTEE:** Committee of the Whole  
**FROM:** Alvin G. Coby, City Manager  
**DATE:** May 11, 2009  
**SUBJECT:** Award of Contract to Mercer Group, Inc. for City of Pensacola Compensation and Benefit Comparison Study

**RECOMMENDATION:**

That City Council authorize contracting with the Mercer Group, Inc. to perform a compensation and benefits comparison study at a cost not to exceed \$25,000.

**SUMMARY:**

On April 22, 2009, City Council reviewed and discussed the pension plans currently in place for the employees of the City. At the conclusion of the workshop, City Council directed that a further discussion of the pension plans be placed on the May 11, 2009 Committee of the Whole agenda. Individual members of Council further requested additional information to assist in determining a course of action.

In response to Council's requests for additional information, staff provides the following:

- Input from employees in each of the City's pension plans (General, Fire, Police) indicating suggestions/recommendations on the actions Council might take
- A comparison of benefit plans from other municipalities with similarities in population, millage rate, and number of employees (information provided by Florida Public Personnel Association)
- A sample/example wage and benefit study
- Potential pension earnings for various City job classifications

It is difficult to make direct comparisons between compensation and benefit plans among communities because each community provides different types and levels of service. The City has three (4) enterprise operations (Airport, Port, Energy Services of Pensacola, and Sanitation Services) that employ 242 individuals and without which would reduce the total number of employees dedicated to conventional municipal services to 633. As with the City of Pensacola, the pension and benefit plans for each community have developed over time to address community issues that may include local costs of living, collective bargaining, demographics, finances, nature of the community (urban vs. rural), and other less definable influences.

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Generically, the information reflects the following:

- All of the communities reviewed provide some form of defined benefit pension plan, either through the Florida Retirement System or a local plan.
- All communities provide health insurance and make some level of contribution.
- All communities provide paid annual leave ranging from a low of 120 hours to a high of 272 hours annually with varying carryover pay out and buy back provisions.
- Most communities have provisions for longevity.
- Most communities have various drive-home vehicle policies.

The employees of the three plans are unanimous in their encouragement of City Council to commission a comprehensive review of the pension and benefit plans available to City employees prior to and as the basis for any decision on the issue. In responding to Council's request to provide a sample study, staff contacted the Mercer Group which provides management consulting services to state and local governments. Upon providing the information requested, Mercer advised that their current workload would allow them to provide the study desired by the City at a significantly reduced fee. Given the possibility of a one-time opportunity to have a compensation and benefits study performed for an exceptionally low cost, staff is of the opinion that the offer should be accepted.

**PRIOR ACTION:** None

<b>FUNDING:</b>	Budget:	-0-
	Actual:	\$25,000

**FINANCIAL IMPACT:**

This is an un-budgeted expense for FY 2009. However, to reduce the impact the cost will be apportioned to individual departments based upon the number of funded positions for 2009.

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**ATTACHMENTS:**

- 1) Letter – Fraternal Order of Police
- 2) Letter – Pensacola Professional Firefighters
- 3) Letter – Employees Executive Committee
- 4) Letter – Police Pension Board Members
- 5) Benefits Survey
- 6) Estimated Pension Benefits (select positions)
- 7) Position Comparison
- 8) Mercer Group sample study

**STAFF CONTACT:** Richard Barker, Jr., Finance Director  
Mary Ann Stalcup, Employee Services Director.

**PRESENTATION:** Yes