

**EMPLOYEE RELATIONS COMMITTEE MEETING**

Tuesday, January 30, 2007

Council Chambers

PRESENT: Alds. Krill, Maher, Meaux, Purins, Stepaniak – 5

ALSO PRESENT: J. Archambo, City Admin.; B. Aldana, Asst. City Atty./Personnel Admin.

Ald. Purins as Chair called the meeting to order at 7:25 p.m.

**Supplemental comments by Ald. Donegan**

The committee discussed an email request from Ald. Donegan pertaining to supplemental comments he would like to add regarding the Employee Relations Committee minutes of January 9, 2007. It was the consensus of the committee to include these comments in the current meeting's minutes.

Ald. Donegan's emailed comments were as follows:

Ald. Donegan first stated that the proposal that follows should not be taken as an indication of disrespect or lack of appreciation for any city employees and especially the group of managers affected by his proposal. He also stated that he would be more pleased to become convinced that our health benefit costs were manageable and that the benefit was appropriate than he would be to succeed with his proposal. Absent that, he urged the Committee to take on a sense of urgency about the cost of the Health Insurance benefit.

Ald. Donegan then directed the Committees attention to a document provided with the agenda. The document states that the net cost of the health benefit in the 2007 adopted budget is 26% of the tax levy and 19% of all city expenditures. He suggested that such was unsustainable and has gone unnoticed because we were able to use surplus in the Health/Life Account that were generated in the past to pay today's bills. He pointed out that, based on the 07 adopted budget, the health insurance account excess surplus will have been depleted by the end of the year so that the surplus will no longer provide a source of funding for today's health benefit.

Ald. Donegan's document concludes that, if our health care expenses increase a by a conservative 5% in 2008, we will have to find additional funds in an amount equal to 5% of our 2007 tax levy just to keep the health benefit account whole.

Ald. Donegan then indicated that he had provided this document and analysis to the City Administrator earlier and the asked the City Administrator to comment. Mr. Archambo stated that he reviewed the document and that it's conclusion is generally correct.

He suggested that the city could reduce the health benefit enjoyed by this group without imposing a hardship. He attempted to defend that assertion 2 ways:

- 1) He presented the summary results of numerous surveys of health insurance costs that compared the total premium cost of group plans and compared employee premium contribution rates to the city's plan and its employee's premium contribution.
- 2) He read excerpts from the Decision of the Arbitrator that settled the 2005 dispute between the city and it's represented employees regarding the health benefit. Ald. Donegan suggested that these excerpts suggest that the Wauwatosa benefits are superior to the comparables.

## **Proposed framework for strategic planning on wages and benefits for 2008 and beyond**

Mr. Archambo gave an overview of the framework for strategic planning which he submitted at the last Employee Relations Committee meeting.

His comments included the following:

- The framework was intended as a guideline and an attempt to create an open and inclusive process. It is more about an approach to the negotiations than specifics as to set dates.
- They have met with various employee groups similar to the meetings that were held three years ago to discuss changes to the health insurance process. The meetings held three years ago were a precursor to the negotiation process.
- There has been a question about the ability to do long term projections for the city budget as far in advance as 5 or 10 years.
- Wage and benefit discussions are better done in closed session due to the potential for discussing strategy.
- They have met with Auxiant and United Healthcare to discuss annual reports and utilization strategies. Both plans have said they would provide education on site, wellness centers and help move toward a more consumer driven strategy.
- The first Health Benefits 201 is tentatively scheduled for February 9<sup>th</sup>.
- They have asked the Wisconsin Employee Relations Commission to give a presentation to explain the legal aspects of the negotiation process.
- They will have a health insurance consultant suggest strategies that the city can use to address health insurance issues.

The committee asked if it would it make sense to begin the collective bargaining process earlier than September. They also asked if the city has normally negotiated the collective bargaining agreements first and then passed on the settlement to the non-represented employees. Ms. Aldana responded to the first question that the collective bargaining process cannot begin any earlier because the contracts don't open until September. Mr. Archambo added that there are some limited situations where it can begin before. Ms. Aldana explained that the answer to the second question is that the process in the past has been that the Employee Relations Committee in conjunction with the Budget & Finance Committee would establish parameters for the negotiations with the intention that the result of the union agreements would be passed on to the non-represented employees. It was noted by the committee that there was a lot of concern expressed by the non-represented employees about the process in the future.

The committee members discussed the following ideas:

- It was suggested that the city get ideas from other people from the public sector regarding different ways of handling agreements between represented employees and non-represented employees. In response to this suggestion Ms. Aldana noted that there was an initial meeting with a number people from the public sector and there was no clear consensus as to any uniform approach to this issue although that discussion may have been limited to wages. She further noted that a lot of public sector groups apply the same wages for both represented and non-represented positions.
- It was noted that different classes of employees get different benefits in the public sector.
- It was suggested that as the committee follow the steps of the framework with the meetings starred for closed session. The committee may be walking a fine line between providing education regarding the process and discussing strategy.

- There was a concern regarding forecasting with the difficulty being that there have been so many recent changes to the health insurance benefit made by the city and the employees that it is too soon to gather enough information to be able to make a credible forecast. There was further concern regarding continuing or changing policy with respect to health insurance that the city hasn't been able to analyze because the books are kept open until the end of March to make sure all of the information from the previous year is captured. Mr. Archambo noted that there is a cyclical component to health insurance that also makes forecasting difficult.
- It was suggested that the committee look at collective bargaining efforts in other municipalities.

Mr. Archambo encouraged the committee to let him know what they need to make good policy decisions. Ms. Aldana added that in order to be accountable to everybody, they need some idea of what the committee would consider success with regard to health insurance policy.

Committee members noted that health care is a concern for everyone and there needs to be a cautious approach in terms of what data is being used to frame the discussion because the results are a very public conclusion. For example, having incorrect or incomplete data projected out exponentially would be a very bad decision.

Ms. Aldana said the proposed framework is much more defined than the way they have handled the collective bargaining process before. There are a lot of variables with no simple quick fix. The general concept is that all the concepts are on the table. They are trying to think outside the box and make this a more inclusive process.

The meeting adjourned at 8:11 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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