

**EMPLOYEE RELATIONS COMMITTEE MEETING**

Tuesday, December 11, 2007

Council Chambers

PRESENT: Alds. Krill, Maher, Meaux (7:45 p.m.), Purins, Stepaniak – 5

ALSO PRESENT: Ald. Donegan; J. Archambo, City Admin.; B. Aldana, Asst. City Atty./Human Resources Dir.

Ald. Purins as chair called the meeting to order at 6:45 p.m.

**Update from Carlson Dettman regarding salary and compensation study**

Ms. Aldana introduced Charles Carlson of Carlson Dettman who was speaking to the committee via speaker phone. She explained that Mr. Carlson had done an update on their compensation and salary study that was done for the city in 2000-2001.

Mr. Carlson commented that the project his company undertook was an audit or review of the pay plan that had been put into place at the time of the initial study. The major question was the pay plan's performance since the Council adopted it. They market tested 14 communities from 2001 and 29 benchmark employee positions. The trend lines of both the market and the city's compensation policy are so close together they form almost one line because the city's policy is current with the markets.

Mr. Carlson reflected on the fact that the marketplace including the city will be facing some substantial challenges in the future because of the retirement of the baby boomers. There will be some profound skill shortages. Many city employees have actually come to the top of their pay ranges. At the same time, there will be a substantial turnover of those employees. There will be a savings in that way, but they will also take with them a tremendous amount of knowledge that will be difficult to replace. Having a pay plan that is competitive is critical because this shift will be an extraordinary event. He strongly recommended no changes to the pay plan.

Mr. Carlson noted that the FTEs have declined somewhat and one of the statistics they have been looking at is what is happening to the payroll along with equalized property value. The trend in FTEs has been steadily down. The amount of money being spent on employees has been in the city's favor. There has been a slight downturn in the real estate market, but there will still be a rise in property values into the future. How the city stands relative to other cities is another good indication that Wauwatosa is doing very well.

Mr. Carlson commented that the cost of fringe benefits in any city is fairly high and they have helped the city go through a deep look at compensation for the employees. Fringe benefit costs have been running approximately 50% of the payroll. While high according to national averages, Wisconsin is a high cost state in terms of healthcare. He added that he would expect private sector benefits to be about 45% and he stressed that what the city is paying is very typical of public sector benefits. He stressed that the city has to rely on that to recruit good people. The worst decision is to hire poor employees. Being able to attract high quality talent is important. The benefit structure in Wisconsin is very good overall. In conclusion, Mr. Carlson thought that the city was in great shape and should be measured and careful about controlling medical costs.

Ald. Maher asked if there was any reason to use equalized property value as a measure as opposed to other types of measure. Mr. Carlson responded that when they pay attention to the ability to raise revenue they tend to come back to equalized value. He explained that it is very common in human resource measurement to try to relate payroll costs to the potential for revenue. They could use other measurements, but the nexus is between what the city is spending on employees and the value of the property the city is serving.

Ald. Purins asked if the closeness of the lines was because the city was being compared to other public sector markets. Mr. Carlson answered that in general yes particularly because of the effect of interest arbitration. There haven't been any changes in the pay plan over the last few years so the city has kept pace.

Ald. Maher asked about using some type of productivity measurement. Mr. Carlson replied that in the public sector there isn't a lot of productivity measurement on a regular basis. He suggested that a citizen survey would give an indication of how the residents feel about how things are going.

### **Wellness benefits coordinator**

Mr. Archambo noted that they had requested an allocation of approximately \$175,000 for the two aspects of the positions.

Ald. Stepaniak asked what portion of the position would be in-house and what portion would be outside. Ms. Aldana responded that a significant portion of the job duties are already being done and she would like to do a more comprehensive wellness program. Internally this person would implement the wellness program. There would also be a link between someone working on health insurance administratively and on wellness as a logical connection. Externally there would be a lot of actual wellness expertise. This position would also provide disease management and monitoring that portion of the city's health claims with interventions and employee health issues. There will also be a confidentiality aspect. The vendor would be the link with the health claims administrator. It will be a joint management/labor effort. The employee's eligibility for cost savings would be less if they are not involved in wellness programs. This model is a scaled down, but a similar model has been put into place by the Milwaukee Public School District. She added that having the position just be internal would still be reliant upon some external expertise.

Ald. Stepaniak said he was normally inclined to say that it would be better to hire a contractor, but the rationale for hiring a new employee is a good one. He noted that the city has probably been understaffed as far as managing the health care contracts. Having some separation is probably better done by arms length than someone close by.

Ald. Maher asked if hiring for this position was questionable for this fiscal year. He suggested that the focus for this coming year should be bringing in the new hire. Ms. Aldana noted that issue before the committee at this time was just hiring a person to do the internal part of the job. The expenditure for the external duties would evolve over time. She was looking at mid summer for the implementation of a wellness program. They are also trying to engage the unions with this. They may not have a full person and 100% usage of the vendor for the entire year, but they hope they would be able to start the vendor in 2008.

Ald. Maher asked, given the salary range, is there any justification to only require a bachelor's degree not a master's degree. Ms. Aldana responded that health and wellness certification is available in a bachelor's degree. It will also depend on the skill set of the individual. The pay would be at Grade 10 which is the same pay grade as the current Payroll and Benefits manager. She added that another significant factor is

that all of the functions encompassed in this position will be advantageous to a transition with the current position. She explained that she uses the word wellness to include health, productivity, workers compensation and other health related issues.

Moved by Ald. Stepaniak, seconded by Ald. Krill to recommend approval to amend the position distribution list to add one FTE in the personnel department called Health and Productivity Coordinator --

Ald. Donegan asked if part of the position was to replace the benefits administrator and part to address wellness. Ms. Aldana replied that they currently have a person in the payroll and benefits position. That position would be split. Ald. Donegan noted that the program hasn't been created yet. He was not sure what the wellness program entails so he was not sure about hiring for that position. Ms. Aldana responded that the wellness program will be somewhat defined by the labor negotiations. They have every indication that this will be a part of future contracts in Wauwatosa.

Ald. Donegan asked if Ms. Aldana would be planning for the implementation of a wellness program if there wasn't a transition going on in the department. Ms. Aldana responded that before they knew about the transition this was still the vision for the future. Just continuing to do the work they do in the department they would need additional staff to devote time to the kind of study and analysis they need.

Ald. Purins commented that he saw this as a position that will help develop the wellness plan for the city. This is the forefront of that and there are expectations that the Personnel Director is leading this change and building on the plan from there.

Vote on the motion was Ayes: 3, Noes: 0, Present: 1 (Maher)

**Diversity initiatives**

It was the consensus of the committee to hold this item until the next scheduled meeting.

**Update on collective bargaining**

Moved by Ald. Krill, seconded by Ald. Stepaniak to convene into closed session per Wis. Stat. 19.85(1)(e): Deliberating or negotiating the purchase of public properties, the investing of public funds, or conducting other specified public business, whenever competitive bargaining reasons require a closed session, and may reconvene into open session – 4

The committee convened into closed session at 7:40 p.m.

The meeting adjourned at 8:05 p.m.

Carla A. Ledesma, City Clerk  
City of Wauwatosa

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