

EMPLOYEE RELATIONS COMMITTEE MEETING

Tuesday, December 12, 2006
Council Chambers

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

ALSO PRESENT: Alds. P. Donegan, B. Ewerdt, J. Krol, G. Becker; J. Archambo, City Admin.; A. Kesner, City Atty.; B. Aldana, Asst. City Atty./Personnel Admin.; R. Braier, Finance Dir.; Police Capt. J. Reit

Ald. Purins as Chair called the meeting to order at 7:40 p.m.

Rate increases for non-represented full time, part time and casual employees

Ms. Aldana said the 2007 Budget anticipates a 3% wage increase for non-represented employees. This is consistent with the amounts agreed to in the city's labor agreements for represented employees. Traditionally, non-represented employees are given the same annual across the board increase as represented employees. In order to provide the increase, it is necessary to pass an ordinance updating the appropriate provisions of Chapter 2.59 of the municipal code.

Ald. Donegan asked if it was the city's practice that everyone who is not at the maximum step automatically steps up each year. Ms. Aldana said the across the board increase would be given in the pay period closest to January 1st. The step increase is given on the employee's anniversary. She noted that this system was the result of a salary study done by Carlson Dettman. Carlson Dettman recommended getting rid of the merit pay system because it did not work well. The step increases are given upon satisfactory performance annually at the discretion of the City Administrator. They do a performance review that triggers the approval. Because it is not merit based it is done uniformly. Ald. Donegan asked how many people are not given the step increase. Ms. Aldana said she knows of one. Ald. Donegan noted that every employee would increase their salary 3% and those not at their maximum step would also receive a step increase. He was surprised that such a substantial decision involving approximately 90 employees was in front of the committee with only 20 minutes to consider. The committee could be spending a lot of money at this meeting.

Ald. Donegan expressed grave concern about what the committee would do because human resource costs equal about 80% of costs to the city. He felt that management should have to really control that. The Council has to provide oversight especially because of rising health benefit costs. Benefits equal 50% of employee compensation. He didn't believe the committee should consider any element of compensation without an understanding and consideration of the benefits package. He has asked the Common Council to deliberate a change in the non-represented employee's health benefits. He asked that the decision to extend the 3% across the board salary increase to non-represented employees be postponed until consideration of the health benefits is done in January. He didn't think this type of wage management unrelated to performance reviews constitutes good human resource management. Ald. Donegan wanted to encourage the City Administrator to take performance into consideration. It is insulting to an employee who has done the job of a person and half when a raise is also given to an employee who doesn't.

Ms. Aldana said the step increase takes an affirmative action to deny or approve. She stressed that the step increase is not an across the board increase. Each employee is reviewed. She said the amount of money involved in the 3% across the board increase is approximately \$192,000 not including part time employees.

Ald. Meaux said he looked back at the budget documents and did not see a built in adjustment for non-represented employees. Mr. Kesner noted that there had been a discussion during the budget hearing that the union negotiated a 3% increase in their contracts and that the 3% would also be given to the non-represented employees. Ald. Meaux asked if the committee were to hold this item would the 3% increase be executed. Ms. Aldana said the committee could grant the increase, not grant it or do it retroactively. Mr. Braier said there were no other consequences.

Ald. Stepaniak said this action is giving the non-represented employees what the 5 represented employee groups have already received. This is the 3rd year of the 3-year negotiated contract settlements. The non-represented employees would be the only group that would not received the same treatment. The unions have the across the board and the step increases. He strongly expressed that this is an equity situation. The committee can either be equitable with the non-represented employees or not especially at the end of the 3-year contract cycle. The salary structure was created after an exhaustive study involving many weeks and months of work done by the Employee Relations Committee and the Common Council. The study did a position by position review regarding each position's relevance to the corresponding salary range in the public sector. Salary adjustments were made up and down. The Carlson Dettman study was an attempt at a fair system and included information on how other cities were compensating their employees.

Ald. Stepaniak said the non-represented employees group should be taken into consideration with what has been given to all the represented groups according to arbitration law in the State of Wisconsin. The committee could change things as they think appropriate, but then the city would be subject to a collective bargaining situation and arbitration. The committee does not have as much latitude as is assumed. The major considerations regarding the decision the committee might make are the timing and the equity of the decision and whatever incentives or disincentives the committee provides to non-represented employees. Changing the equity of the situation needs to be carefully considered. Ms. Aldana noted that the non-represented employees are not directly controlled by the arbitration process. She stressed that for employees that have reached their top step; this is the only increase they will get for the year.

Ald. Krill said this type of increase puts the non-represented employees in the same position as the represented employees. He asked if there would be a problem if the city had a system that treated the non-represented employees differently. He assumed the non-represented employees would not be happy.

Ms. Aldana said that 3 or 4 years ago that there was a proposal to require non-represented employees to make a premium contribution to the health insurance plan prior to negotiating with the unions on the issue of health insurance. Many non-represented employees appeared before the committee because they were concerned about equity. Ald. Stepaniak said the non-represented employees were extremely concerned about whether they were being dealt with equitably when they had not joined organized labor groups.

Ald. Donegan asked if the Carlson Dettman study took health benefits into consideration. Ms. Aldana said she thought that Carlson Dettman did not attempt to compare benefits only salaries, but that she would double check. Ald. Donegan stressed that benefits are 50% of the budget and need to be considered.

Ald. Maher felt there was too little information provided for the discussion. He would like to have more information. He appreciated the issue that was raised with respect to equity. He noted that the salary study was 5 years old and it would be good to update it. He asked about the growth in wages for various sectors and not just because there is a 3 year contract agreement with the represented employees. He said the committee needs to start to think about precedent and where to draw the line. Ms. Aldana said the contracts were for 2005-2007. This is the last year of the contract so granting the same raise to the non-represented employees would not set a precedent. Ald. Maher said the idea that there is 3% growth is

changing and assuming that there is 3% growth is concerning. He added that all the other employee groups have come to this agreement and therefore the committee should be equitable.

Ald. Purins asked if it was routine to make these changes by ordinance. Ms. Aldana said they have to have something like an ordinance to show the auditors. Ald. Purins asked about the grading for positions and the minimums and maximums per grade. Ms. Aldana said that each position was analyzed by the Carlson Dettman study. A majority of new hires are put in step one. Occasionally an employee candidate will be offered more because there was difficulty recruiting for that position. Ald. Purins observed that this is a grade structure instead of a salary structure. Ms. Aldana said the maximum for the steps is 13 after that any other increases would be dependent on whatever was awarded by the Common Council. She said the step increase is established by ordinance for each position. Mr. Kesner added that the ordinance determines the grades for each position and the Common Council would have the ability to make changes.

Moved by Ald. Krill, seconded by Ald. Maher to hold this item until the committee has a chance to review the Carlson Dettman salary study – 5

Mr. Archambo said they intend to give an update on the health insurance to the Budget & Finance Committee as well as this committee. Ald. Purins requested an education process on collective bargaining for the committee. Ms. Aldana said they start negotiating in September, 2007.

The meeting adjourned at 8:20 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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