



CITY OF WAUWATOSA
7725 WEST NORTH AVENUE
WAUWATOSA, WI 53213
Telephone: (414) 479-8917
Fax: (414) 479-8989
<http://www.wauwatosa.net>

COMMITTEE ON EMPLOYEE RELATIONS

Tuesday, March 15, 2011 – 6:05 p.m.

PRESENT: Alds. Berdan, Ewerdt, Organ, Donegan, Walsh (7:30 p.m.) -5

ALSO

PRESENT: Mr. Archambo, City Administrator; Ms. Aldana, HR Director/Asst. City Atty.

Ald. Donegan in the Chair

Proposed Ratification of Tentative Agreements with Local 305, Local 35, and Local 494. Three proposed labor agreements covering approximately 170 city employees were submitted to the Committee for consideration. All three previous contracts expired on December 31, 2010. The negotiation process began last summer and included a review of wages and benefits by the Committee. Mr. Archambo was directed in fall to negotiate contracts such that the aggregate change in total compensation in 2011 would be zero. The Committee did not provide any directives concerning health insurance or COLA (cost-of-living adjustment). As of the end of 2010, a tentative agreement had been reached with one group, Local 1923, Wauwatosa Professional Firefighters Association.

The tenor of negotiations changed considerably with the introduction and adoption of the state Budget Repair Bill (BRB).

Mr. Archambo stated that after meeting with a substantial number of common council members on different occasions in the past weeks to provide updates on the progress of negotiations, modifications were made to the negotiations to incorporate the directives given by the elected officials. One of the directives was that a proposed contract that did not contain concessions greater than or equal to those contained in the Budget Repair Bill would not be considered.

Ald. Donegan added that the guidelines given to Mr. Archambo included cost-of-living adjustments (COLA), participation by employees in their share of the state pension plan, percent of premium payment for health insurance, retiree health benefits, length of contract, and workplace rules.

Mr. Archambo opined that ratifying the proposed labor contracts will not contravene the state legislation; rather, it will maximize the opportunity given by the state legislation to the city. The contract provisions are identical for all three proposed contracts. The term of the contracts is for the rest of 2011 and 2012 (21 months). Each contract includes one-half of the actuarial calculated pension contribution effective April 1, 2011 (5.8%). There are no salary increases, no COLA for 2011 and just 1 ½ % for 2012. If the city has to negotiate only the wages, that will be determined in part by the consumer price index (CPI), which is currently at about 1 ½%. Absent these agreements, the city would likely negotiate for wages this year that would be higher.

Mr. Archambo stated that recent publicity with respect to health insurance refers to the employee portion of 12% or 12.6%. However, those figures pertain to municipalities participating in the state health insurance plan. The City of Wauwatosa does not. In each of the proposed contracts, a 10% premium payment will be required for participants in the Wellness Program, and 20% if they do not. Costs have been calculated under the state health plan using the 12% figure. In addition, the BRB directs that the WTF (Wisconsin Trust Fund) make changes to its plan to reflect an additional 5% cost reduction. Even with these modifications to the state plan, the City's plan will still end up being 12% less expensive than the state plan. Stated another way, these contracts ensure health insurance costs that are 12% lower than if the state plan were being used.

Ald. Donegan observed that the employer's cost for health insurance will be less than the state plan after Budget Repair Bill-ordered changes to the state plan.

Mr. Archambo pointed out that the City has also been able to control health care costs. The 2011 budget is 5.6% less than what was spent in 2005, thanks to modifications made over the years. It is worth noting that the city has been successful in controlling costs.

Mr. Archambo explained that the city's health plan also contains changes that the state plan does not. The Choice Plan is being discontinued and is being replaced with a Choice Plus Plan with HRA. It is a high deductible plan that lets employees have a choice. It has a lower premium cost and is a way for employees to pay a percent of premiums and less if the plan works well for them. The intent is to save both the employer and the employees money.

Other proposed contract modifications deal with outpatient lab work, x-rays and surgery with 90% co-insurance. Certain co-pays will increase.

With respect to retired employees, Mr. Archambo explained that currently retired employees are covered by the '110% plan' which provides that if health insurance doesn't increase by more than 10% year-to-year, the city pays those premiums. Under these proposed contracts, active employees, once retired, will pay 5% of those premiums. Employees with 20 years or more years of employment will be grandfathered under the '110% plan.'

Mr. Archambo reviewed several operational issues with respect to the proposed contracts. AFSCME Local 305's proposed contract addresses 20 modifications to operations. Modifications include 24 hours' notice of shift changes, changes to disciplinary language, elimination of the mandatory second mechanic for emergency events, elimination of the obligation to provide a second person on 'dead end' trucks, modification of the provision regarding premium pay, a reduction in overtime-off to 100 hours, and a lump-sum vacation pay-out t. Overall, these are significant concessions with respect to operational issues. The other two proposed contracts, by contrast, have fewer issues.

Ald. Organ asked about benefit disparity among different work groups.

Mr. Archambo stated that the city deals with five collective bargaining groups and the non-represented group. The potential exists where three groups will pay 20-25% for health insurance, non-represented employees will pay 10% for health insurance, and protective service employees will pay even less (perhaps 6%). The potential increases if contracts are not adopted.

Mr. Archambo reported that employee contributions to the Wisconsin Retirement System (WRS) will begin with the pay period beginning March 13.

In response to a query, Mr. Archambo verified that the current CPI is 1.5% in 2011. If these proposed contracts are not ratified and unions are re-certified, the City will have to collectively bargain wages. The City could, under that scenario, have to pay a cost-of-living adjustment, something that is not included in this year's proposed contracts.

Ald. Donegan confirmed that that the City is getting more enhanced concessions with the ratification of these contracts than if it follows the provisions mandated under the Budget Repair Bill. For example, the cost-of-living adjustment for 2011 under the proposed contracts will be zero, versus a potential 1.5% under the Budget Repair Bill.

Mr. Archambo reiterated that the City is maximizing the benefits offered by the state legislation if it ratifies these contracts. There are provisions within the operational issues that the City is foregoing, but the City is creating internal comparables via contract ratification that should prove valuable in future arbitration with other unions.

Confirming that the Budget Repair Bill will not affect the City's health insurance situation because the City does not participate in the state program, Mr. Archambo explained that while the City's health insurance plan was *more* expensive than the state's plan four years ago, it is now significantly *less* expensive due to several pro-active steps taken. The intent is to continue this trend.

Ald. Donegan asked what other Budget Repair Bill (BRB) issues will be side-stepped by ratifying these contracts.

Mr. Archambo replied that under the BRB, each union will have to recertify annually. If the three proposed contracts (which go through 2012) are ratified, unions will be unaffected by the BRB until after these contracts expire. The BRB also contains provisions that employees would no longer have to belong to the union, or pay dues; furthermore, the City would be prohibited from collecting dues via the payroll process. The City does not pay dues on behalf of the unions now, but simply collects the dues via payroll deductions. The proposed contracts will provide that employees will be required to pay dues (or fair share payments) for the length of the contracts.

In response to a question about the need to settle these contracts now, Mr. Archambo speculated that reasons may differ from employee to employee. Certainly, employees are concerned about the unknowns in the immediate future. They are uncertain about the ramifications of the state legislation. Some employees likely want the basic provisions of pay and benefits known. For others, it is simply a way to 'fight another day.' Mr. Archambo observed that the political issues are not his concern. His focus is on what is best for the citizens as tax payers and as customers, balanced against a desire to have somewhat content, productive employees who carry out the City's responsibilities. The level of uncertainty among the staff is not helpful. Thus, the benefits of ratification to the organization include creating this level of certainty. Staff is concerned that a 10% health insurance premium may become 20% next year and 30% the year after that.

In response to a query, Mr. Archambo stated that the average employee will see an 8-9% reduction in take-home pay upon contract ratification. Increases for next year would only be 1.5%. There are currently 470 FTE's (full-time equivalent employees); these contracts will cover about 170 employees. Protective service employees number about 160, or about one-third of the city staff. Non-represented employees constitute about 25% of the total employment.

Mr. Archambo emphasized that the protective unions are not part of the BRB. Protective service supervisors within the police and fire departments, however, are non-represented employees and, as such, are not part of the protective unions. Those supervisors are now paying 10% of their health insurance

premiums, and nothing currently toward their pensions. The 5.8% pension payments for the protective service non-represented employees, though, will begin soon.

In addressing the changes within the proposed contracts and the increased payment requirements for non-represented employees, Mr. Archambo noted that the city's costs decrease somewhat. However, the BRB and the upcoming biennial Budget Bill will contain a number of provisions that will decrease the city's revenues. Preliminary figures obtained from the Legislative Fiscal Bureau indicate the city can expect a \$950,000-\$1.4 million dollar reduction in state aids and a possible \$250,000 reduction in debt service. In a worst case scenario, however, the city's net loss would be between .5% and 1%, or \$250,000-500,000.

By contrast, the savings realized from the expense reductions as a result of the three proposed contracts and the non-represented employee reductions total \$750,000-760,000. Mr. Archambo added that when the rolling vacancy policy was in effect during 2010, it had a 2% impact on the budget. Should it become necessary to cover greater revenue shortages that are now anticipated, the city could resume using this practice again to assure that the city's budget remains sound.

Ald. Donegan observed that the proposed contracts contain significant concessions, though the city will still face financial challenges. Furthermore, two unions (representing 44% of the city's payroll) have yet to settle.

Mr. Archambo felt it prudent to ratify the contracts as it would provide a solid direction for the city if the 'worst case' revenue shortage would become reality. What would also affect the city's financial well-being, however, would be securing WRS contributions from the protective service groups. The group of employees comprises 44% of the payroll. If the 5.8% pension contribution was required of these employees as well, the annual figure would amount about \$500,000.

Ald. Donegan opined that if these concessions cannot be obtained from the protective service unions, additional concessions from the rest of the employees may be necessary.

Mr. Archambo noted that when parties go through the arbitration process, one of the points arbitrators consider is other internal comparables within the organization. If the three proposed contracts are ratified, that action creates some internal comparables for the arbitrator. If there are no internal comparables, the city is at a disadvantage in its ability to push for modifications with the protective service unions. The arbitrator will then turn to other police and fire unions for comparables. None of the other existing police and fire unions in the immediate area, however, contain WRS contributions in the contracts that would be considered as comparables.

Mr. Archambo stated that this situation exists in part because most of the existing contracts are in place through the end of 2011. Very few are open like Wauwatosa's.

In support of ratification, Mr. Archambo reiterated that these contracts will create a level of stability and certainty for the rank and file employees. These significant changes to the benefits package will be slowed somewhat by contract ratification. Ratification may also decrease somewhat the upward pressure on management positions and allow the administration more time to deal with changing conditions. The city still has to function, still needs to have work rules in place. A measured pace when implementing significant changes is preferred.

Ald. Ewerdt noted that employee morale is poor, and that is weighing on his decision. Some assurance of stability is desirable. There are instances where management personnel (because of increased premium payments and frozen wages) are making less than the people they supervise. These compression issues must be addressed.

Mr. Archambo stated that compression issues are such that in the police department, for example, supervisors may be making thousands of dollars less than the officers they supervise. Knowing this situation exists means that employees may consider moving out of management and back into union positions. This creates a situation where vacancies become difficult to fill.

In response to a query, Mr. Archambo stated that if these contracts are not ratified this evening, and the BRB becomes law in nine days, a management transition team will be assigned the task of contract conversion. Each union will need to take a re-certification vote in April; if the unions continue to exist, bargaining for wages only will begin. Employee pension payments will be automatic. Employee health care premium payments will be 10% if participating in the Wellness Program, and 20% if not. Mr. Archambo repeated that contract ratification will permit a more orderly transition than will the BRB.

Proposed Ratification of Tentative Agreement with Local 1923. Ald. Donegan stated that a tentative agreement was reached in early January with Local 1923. The Employee Relations Committee recommended approval of the agreement by a 3-2 vote. In the interim, the BRB was released. When this proposed agreement reached the Council floor for final action, the decision was made to hold the matter and send it back to Committee.

Mr. Archambo stated that this proposed contract was negotiated over a six-month period, with the tentative 3-year agreement being reached 1-2 weeks before the BRB was issued. Proposed wages are as follows: 0% increase in 2011, 1 ½% increase on January 1, 2012, 1% increase on July 1, 2012, 1% on January 1, 2013, and 1.5% on July 1, 2013.

Contract modifications include driver pay, Saturday/Sunday premium pay, and an enhanced paramedic retention plan. With participation in the Wellness Program, health insurance premiums are proposed at 6% in 2011, 8% in 2012, and 10% in 2013 (the latter two years with caps), and 12%, 16%, and 20% respectively without participation in the Wellness Program. The “110% plan” health insurance provisions for active employees, once retired, would apply after 20 years of service as of July 1, 2011. Monthly retiree health insurance premiums after July 1, 2011 (for those hired before January 1, 2008) will be \$17.33/single, \$43.33/family in the Wellness Program, and \$34.66/single, \$86.66/family without the Wellness Program. The Choice Plan Plus with HRA will be offered.

There are no pension contributions planned under this contract. The employer pays 22.4% for pensions for fire fighters, but does not pay Social Security taxes for this group on those wages.

Mr. Archambo stated that in light of the BRB, he no longer recommends ratification of this contract.

Proposed Ordinances Repealing and Recreating Chapters 2.52.080 (B) and 2.58.130 (B) Pertaining to Health Insurance for Retirees. Mr. Archambo stated that this issued had been discussed with the Employee Relations Committee late last year whereby it was proposed to create a premium contribution for active employees once retired. This would not affect already retired employees. Grandfathering was proposed after 25 years of service as of July 1, 2011. The contribution would be 10%.

Mr. Archambo stated he is modifying his recommendation as follow to mirror the three contracts previously presented: Grandfathering after 20 years of service, monthly premium of 5%, for those participating in the Wellness Program, double if not. Mr. Archambo stated his intent was to create parity. Given the magnitude of what would be effectuated, some reasonable level of parity with the three other union contracts is desirable.

Ald. Organ asked whether any changes might be made to the Budget Bill that might hurt the city; should the city delay action?

Mr. Archambo replied that the Budget Bill must go through the Joint Finance Committee and then to both houses of the legislature, and then to the governor. During this process, many items could be modified. It is expected that the biennial state budget will be adopted prior to July 1, 2011. Revenue targeted for reduction, for example, could be restored. It is also possible that deeper revenue cuts will be made to shared revenue. Staff will be monitoring the situation closely. Mr. Archambo added that the city receives relatively little aid from the state compared to many municipalities. As such, the city has the flexibility to accommodate these anticipated shortfalls by creating opportunities to cover them.

Ald. Organ noted that union employees would be affected as follows were ratification to occur: the unions will continue to exist for another 21 months; employees will be unable to opt out of unions and avoid dues (or fair share payments) during this period.

Mr. Archambo acknowledged that employees will be limited in these ways should the contracts be ratified. However, with all three unions, the members have already voted – some as recently as today – to ratify the agreements. They could have voted not to support ratification, but the majority did not.

Ald. Organ commented that the Employee Relations Committee had discussed comparables with other cities in July 2010. Most do not expire until 2011 or 2012. Mr. Archambo concurred that North Shore is the only fire union that also has an expired contract. He opined that the city is fortunate to have expired contracts in that it has the opportunity to take full advantage of circumstances afforded by the BRB.

RECESS 7:30 p.m. – 7:35 p.m.

(Ald. Walsh present 7:35 p.m.) -5

Public comments were solicited on the proposed ratification of contracts with Locals 35, 305, and 494, the proposed ratification of the contract with Local 1923 (fire fighters), and the proposed ordinances dealing with retiree health insurance:

Richard Hamill, 1532 Alice Street, voiced appreciation for the public service of employees, but opined that the benefits package is better than what most private sector employees receive. Defer passing these contracts until after the BRB is adopted.

Tom Collins, 6715 Hillcrest Drive, stated he read the proposed contracts. Instead of allowing layoffs based upon seniority, perhaps they ought to be based upon performance. Change work rules to use more private contractors. Defer action on these contracts for at least another month.

Chris Setter, 10701 W. Research Drive, stated he wants to see the best municipal team assembled for Wauwatosa. There is currently a surplus of good workers available. If employees are unhappy and unproductive, they can be replaced. Ratification of the contracts perpetuates the status quo. Defer action now. He applauded staff for their efforts in the area of employee benefits.

Mike Adamec, vice-president of Local 305, expressed appreciation for his employment with the city for 15 years. He pointed out that every year, staff is allowed to bid against private sector contractors on some projects. Many times, the municipal bid is the lowest bid. The 70th Street bridge project is one example; they performed the work for \$13,000, where the private sector bid was \$270,000. About one-half of the members of Local 305 voted for contract ratification; just two members voted against it, and that was due to a misunderstanding on their part.

Rob Rasmussen, 7515 W. Wisconsin Avenue, questioned whether a projected \$200,000 revenue shortage will translate into a zero increase city budget.

Trent Jay, 11624 W. Mt. Vernon Avenue, suggested that while the fire fighters' proposed agreement is good for them, it is not good for the city. He pays much more for his health insurance than do the fire fighters. The proposed agreement should be negotiated to obtain more concessions.

Greg Fritsch, 2404 N. 88th Street, noted that while the proposed contracts mirror the BRB in some areas, the contracts do not eliminate other collective bargaining rights that shackle managers. Unshackled employees have fewer costs. New work rules don't need 1 ½ years to be implemented. There is no reason to ratify the contracts now. Send the fire fighters' contract back for further negotiation.

Lee Meyer, 10116 W. Sunset Avenue, suggested that if contract ratification will yield results similar to the BRB, the city should wait for the BRB to be enacted. It will provide even more tools for the city. The projected \$250,000-\$500,000 shortfall will not be made up if the fire fighters' contract is ratified.

Steve Braun, 6832 Cedar Street, urged waiting to ratify until the tools are in place offered by the BRB.

John Pernice, 2361 N. 88th Street, concurred with previous speakers. The city's customers are also the city's tax payers. If the city does not have the money to spend on benefits, it can't be spent. The BRB will provide new tools that will allow operation that is not status quo. Defer a decision for nine days.

Kathy Setter, 154 N. 88th Street, stated this issue should not be viewed as a 'them or us' situation. As a sole proprietor of a business, her health insurance costs are \$5,000 annually. They can't afford to pay another property tax increase. The city officials should wait for the tools afforded by the BRB.

Melody Baker, 10349 W. Woodward Avenue, asked that action be deferred. Wait for more tools to deal with the financial issues.

Hank Wendt, 9502 W. Goodrich Court, Milwaukee, President of the Professional Fire Fighters Association, stated that negotiations with the city were initiated in September 2010, with the intent of having a successor agreement prior to year's end. A tentative agreement was reached on December 14, 2010. The proposal went to the Employee Relations Committee on January 11, 2011. At that time, Mr. Archambo recommended approval; the Committee likewise recommended ratification to the Common Council by a 3-2 vote. This is a good contract and contains significant concessions. The contract will allow the city to provide a level of public safety that is expected in Wauwatosa. In addressing the WRS issue, Mr. Wendt pointed out that the issue had never been brought to the negotiation table. The employer cost is actually 10.8% for protective employees and 11.6% for non-protective employees. Collective bargaining is not a bad word. It has worked for the past 25 years. If the city falls short of needed savings in 2012, it can approach the union and discuss the issue. Please ratify the contract.

John Kastl, 2112 Crestview Court, opined that collective bargaining does not work well. The mistakes of the predecessors must be dealt with now. The best interests of the citizens were not always considered. As a retired person on a fixed income, it is difficult to be asked to pay more so others can receive more. One quarter of his wife's paycheck goes towards health insurance. The contracts should not be approved this evening.

Larry Schwenkner, 2207 N. 68th Street, urged that collective bargaining be allowed to expire. The Council should wait for two weeks before making a decision. The city can continue to control health care costs; it can control premium pay and shift change pay. The private sector employees are not secure in their positions, either. Ratifying contracts just because morale is poor is not a good reason to move forward.

Jay Kasmerchak, 2023 Two Tree Lane, suggested that waiting for passage of the BRB or ratifying contracts this evening will yield about the same contracts with the unions. Whether or not to maintain collective bargaining is the question. Most employees don't have this choice. Most bargain every year for their wages. He can't bargain for benefits. Don't ratify the contracts this evening.

Neil Krumenauer, 2236 N. 65th Street, agreed with previous speakers. He has been paying into his own pension for many years. A 5% pension contribution is not too much to ask of the employees.

Vicky Ostry, 1409 N. 64th Street, stated she was a career federal employee who paid over 43% of her health benefit costs. She appreciated the effort staff has put into negotiations, as the proposed contracts have come a long way. However, it is difficult to support ratification now when many residents are in worse financial shape than are city employees.

Patrick Elliott, 2121 N. 115th Street, concurred with previous speakers.

Ann Heidkamp, 7329 W. Lloyd Street, did not speak, but registered in support of contract ratification at this time.

Brian Leibl, 2444 N. 88th Street, opined that collective bargaining works for the unions, but not for the taxpayers. Dues are collected from union members, then contributions are made to the very elected officials who ratify contracts.

Tom Harrington, 2622 N. Menomonee River Parkway, agreed with earlier speakers. He is not represented by a union, but is relying on the elected officials to take care of his best interests. Weigh that against the services tax payers expect. Local municipalities don't have the money to maintain 'business as usual.' Wait to act until the BRB has been enacted so the financial situation will be clearer.

Mike Anton, 6324 W. Wells Street, Assistant Fire Chief and non-represented employees spokesperson, noted that this group of employees is not represented by anyone. While he has spoken over the years on many employment issues, never have members of the public attended before. He thanked the Committee and the staff for the amount of effort put forth on employment issues. Circumstances around the state the last few weeks have changed the dynamics considerably. All employees will be affected. Mr. Anton asked that the non-represented employees be treated consistently with other employees.

Bernadette Brundahl, 12210 W. Ripley, expressed her appreciation for teachers 'staying the course' for the children. She asked the Council members to also 'stay the course' and wait two more weeks before taking action on the proposed labor agreements.

Dennis Russell, 7105 Maple Terrace, urged the Council to take the wise course of action and wait before rendering a decision the agreements. All the facts are not available yet. Negotiators have worked to date with one hand tied behind their backs. The Council has a fiscal responsibility to the citizens.

Patrick Elliott, 2121 N. 115th Street, stated his tax bill is shocking. He almost regrets moving into Milwaukee County. Fiscal responsibility is critical at this time. The city can't spend money it doesn't have. Use the tools the state is making available to municipalities.

Dan Froemke, 1241 Dewey Avenue, echoed previous speakers and asked that action be held for two weeks.

Jennifer Rentmeester, 945 N. Robertson Street, stated that if the city doesn't begin to operate differently, it will destroy the middle class. She expressed appreciation for the work the public employees perform.

However, collective bargaining isn't working for the city. A new way must be tried; wait two weeks for the tools necessary to do that.

Toby Carney, 8107 Warren Avenue, a business owner in the city, noted that his health insurance premiums are \$1,000 per month. He pays for his own pension. It is hard to sympathize with the public employees. Why is collective bargaining needed?

Mike Retzer, 9220 Jackson Park Boulevard, stated that the BRB will provide the city with the tools needed to cope with revenue reductions. Cut services or spread the pain among public employees. Managers will be able to keep the best employees.

Todd Weickardt, 2625 N. 96th Street, asked that the contracts not be extended. How would that action benefit the citizens? Wait two weeks for the tools that the BRB will provide. State aid is being cut, but the BRB will give the city the flexibility to balance the budget without raising taxes. The local representatives should represent the tax payers' interests.

William Makal, 1902 N. 118th Street, didn't speak, but questioned the timing of the ratification of the contracts. A new law limiting collective bargaining and compensation will take effect soon.

Chris Bennett, 2428 Judith Lane, Waukesha, didn't speak, but wrote that ratification of the contracts is the right thing to do at this time.

John Ballogh, 7900 Rogers Avenue, submitted a comment sheet, but did not make specific remarks.

In response to a request by the Chair, approximately one dozen of those in the audience indicated support for accepting the Administrator's recommendation to ratify the contracts with Locals 35, 305 and 494.

In response to a second request by the Chair, several dozen of those in the audience indicated opposition to ratification of the proposed agreements with Locals 35, 305, and 494 this evening.

In response to a third request by the Chair, most of those present expressed support for referring the proposed fire fighters' contract back to negotiations. Fewer than one dozen of those present expressed support for ratification of the fire fighters' contract.

RECESS 8:35 p.m. – 8:40 p.m.

Ald. Donegan noted that he was guided by three principles: the city's compensation structure is unsustainable, with liberal benefits when compared to constituent benefits; capital spending has been crowded out due to the high personnel costs; there should not be micro-management. Ald. Donegan added that he had come to the meeting tonight prepared to ratify contracts and had urged others to do so. It does not appear costs will differ much whether the city waits for the BRB to become law or not. He is impressed with the fact that the City Administrator needs leverage in negotiations with police and fire personnel, and is likewise concerned with employee morale. The potential gap between revenue and expenses is of concern. The strong feelings expressed by those present this evening, however, has convinced him not to support contract ratification at this time. He apologized to the employees, noting that they have his respect.

It was moved by Ald. Donegan, seconded by Ald. Berdan to recommend denial of ratification of labor agreements with Locals 35, 305, and 494. –

Mr. Archambo pointed out that while there is no wage increase in the proposed contracts, without these contracts the city will have to negotiate with these three groups and what may result in an increase up to the CPI (currently at 1.5%). More disparity will be created.

Secondly, with the police and fire unions being exempt from the BRB, the arbitrator will look at internal comparables – other contracts in place with the city. Ratification will create these internal comparables. No contract ratification means no internal comparables are created. Then, other outside unions become the comparable group. As stated previously, most have already-settled contracts. It is entirely possible that none of those existing outside contracts include WRS contributions. This will become the city's comparison group.

In response to a query, Mr. Archambo stated that tax levy will not go up next year. There is a cap on the levy and it can't increase by more than the percent of new construction in relation to overall equalized value. The effect of these proposed contracts is a decrease in the city's costs. Mr. Archambo repeated that the worst case scenario for the city is a one-half to one percent revenue loss. The city handled twice that amount last year via rolling vacancies.

Ald. Ewerdt noted that in 2010, the city's budget increase was just 1.9%. The tax bills that are issued reflect the taxes of six taxing jurisdictions, not just the city. He voiced his respect for those involved in these contract negotiations, and for the staff in general. While no one is 100% sure of the ramifications of the BRB, the risk of withholding action on the contracts is not resonating with him.

Ald. Organ added that the negotiations have progressed considerably since August. The city can thank the BRB for much of that progress. The city's employees are terrific and have endured many negative comments of late. She acknowledged that the leverage issue with respect to internal comparables was something to consider. However, the members of public this evening have expressed their preference to wait for the BRB to pass.

Vote on motion, 5-0

It was moved by Ald. Ewerdt, seconded by Ald. Walsh to recommend that the agreement with Local 1923 not be ratified. 5-0

It was moved by Ald. Ewerdt, seconded by Ald. Berdan to forward the proposed ordinances repealing and recreating Chapters 2.52.080 (B) and 2.58.130 (B) pertaining to health insurance for retirees without recommendation. 5-0

There being no other business, the meeting adjourned at 9:05 p.m.

Carla A. Ledesma, City Clerk

cal