



CITY OF WAUWATOSA
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EMPLOYEE RELATIONS COMMITTEE MEETING

Tuesday, July 12, 2011
Committee Room #1

PRESENT: Alds. Donegan, Walsh, Berdan, Ewerdt -4

EXCUSED: Ald. Organ

ALSO PRESENT: J. Archambo, City Administrator; A. Kesner, City Attorney; B. Aldana, Asst. City Atty./HR Director, P. Enders, Economic Development Director

Ald. Donegan as Chair called the meeting to order at 6:00 p.m.

Business Specialist position for Economic Development Department

The committee reviewed a memo from the Human Resources Director regarding the creation of a Business Service Specialist position.

The 2011 budget includes funding for a Business Service Specialist position in Economic Development. The position was funded to begin on July 1, 2011. Due to the uncertainty about levy limits and reductions in the state budget staff has not requested to fill the position until now.

Mr. Archambo told the committee that this position was only budgeted for half-time. Using the Carlson Dettman process of establishing pay grade it was determined this position would fall into the grade 9 category. Mr. Archambo explained that with the tax levy frozen it will be more critical to invest in economic development to grow our revenue stream. The City Administrator said that this will not be an additional full time equivalent (fte) as he felt there would be an elimination in the 2012 budget equal to an fte.

Ald. Donegan asked if the position could be eliminated without hiring someone and Mr. Archambo said probably.

Ms. Enders explained that the recommendation from the Horton study was for two additional persons, including a person for Community Development Block Grants. Because of the current structure with CDBG under Community Development she is only asking for the specialist position to be filled.

Ald. Donegan said he has been supportive of this position but noted that the budget is so stressed that he struggled with putting a \$50,000 position into the budget without knowing what the city will get from it.

Moved by Ald. Berdan, seconded by Ald. Donegan
to recommend introduction of an ordinance amending
Section 2.59.040 of the city code creating a Business
Specialist position at Grade 9 - Ayes: 2 Noes: 2 (Walsh, Ewerdt)

Update regarding Act 10 and Act 32

The committee reviewed a memo from the Human Resources Director with updated information regarding legislative developments.

Two legislative developments will have significant impact on the City and other local governments. The first change Act 10, is the law that was proposed earlier this spring that includes changes to collective bargaining law and a mandatory 5.8% WRS contribution. After much controversy this law became effective June 29, 2011. The second Act 32, is the state biennial budget that includes some modifications to Act 10 and a number of other issues with fiscal impact to the City. Act 32 becomes effective July 1, 2011.

Ms. Aldana said she made a judgment call as to what the key issues in this bill are for this discussion. She updated the committee on what transpired since the Budget Repair Bill was passed but modified by the Budget Bill. Employee WRS payments will be pre-taxed. Non-protective union dues will cease from payroll deductions on the next payroll. The police and fire units were clarified in that the combined effect was they largely stayed intact. However health insurance plan design and choice of plans cannot be bargained. Health insurance and WRS payments are bargainable for protected employees. Ms. Aldana advised that after July 1, 2011 new hires in the police and fire departments will be required to pay WRS pension payments at the same rate as general employees of 5.8%.

For employers on the state health plan of which Wauwatosa is not, police and fire supervisors must be aligned with the police and fire unions by making the same health insurance premium contribution. The law appears to still allow the City to set premium contribution amounts for police and fire supervisors. However the current thought is that the City would align police and fire supervisors to avoid compression issues and would address the absence of revenue of those groups through plan design changes. These plan design changes include deductibles, co-pays and co-insurance.

Ms. Aldana noted that the minimum hours of coverage for WRS changed from 600 to 1200 hours. This could have an impact particularly in our library.

*Update on collective bargaining with all unions

Moved by Ald. Walsh, seconded by Ald. Berdan
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 – Ayes: 4

The committee reconvened into open session at 7:17 p.m.

Repeal of Ordinances 2.52.070 (police and fire supervisor health insurance), 2.58.120 (non-represented employee health insurance), and 2.58.130 (non-represented employee health insurance for retirees) and proposal to set health insurance contribution rates by resolution rather than ordinance

The committee reviewed a memo from the Human Resources Director regarding whether to repeal health insurance ordinances, and set health insurance contribution rates and plan design by resolution rather than

ordinance. This item is limited to the question of moving health insurance issues from City ordinance to approval by resolution. There are no substantive changes to the benefit proposed in this agenda item.

For some time it has been the intent of Administration to propose to transfer a number of items from ordinance to resolution for ease of administration. These items generally relate to employee benefits, and specifically include health insurance.

Ms. Aldana suggested that certain items in the City ordinances be moved and going forward be handled by resolution. The cycle is four weeks to change an ordinance. Ms. Aldana said the power is the same and it will save the City publication costs required of an ordinance change. Ms. Aldana said the ordinances were a repository of information for non-represented employees, and the City feels that this can be replaced with an employee manual coming forward.

Ms. Aldana answered a question by Chris Fox, Police Supervisors Union representative, that there is not a public hearing requirement for resolutions. She said that these items have always been done by ordinance up to now and she has checked with other communities and it differed widely how they handle this. She felt that it would be better practice now with an employee manual in one consolidated place.

Mr. Archambo felt that the code of ordinances governs city government and citizens, where a resolution could be a relationship between employees and employers.

Moved by Ald. Ewerdt, seconded by Ald. Berdan
to recommend introduction of an ordinance
to repeal Ordinances 2.52.070, 2.58.120 and
2.58.130 of the city code – Ayes: 4

Proposal to apply the non-protective health insurance contributions for active employees to members of AFSCME, IBEW and OPEIU

The committee reviewed a memo from the Human Resources Director regarding whether the City should increase health insurance premium contributions for employees in AFSCME, OPEIU and IBEW.

The Common Council increased health insurance premiums for non-represented employees in February 2011 from approximately 3% to 10%. During negotiations with these three unions the City proposed a 10% premium for these groups as well.

Now that the law has changed and the City can make this change unilaterally, staff recommends that employees in these groups pay 10% for health insurance premiums, the same amount as non-represented employees.

Ms. Aldana said since the union groups can no longer bargain contribution rates they should be charged the same rate as the non-represented which is 10%. This fiscal impact of this change for these three unions on an annual basis at the current plan rate is \$162,099.

Moved by Ald. Walsh, seconded by Ald. Ewerdt
to recommend approval of the health insurance premium
contributions for employees in AFSCME, OPEIU and
IBEW from approximately 3% to 10% effective in
the first payroll after approval of the appropriate resolution – Ayes: 4

Elimination of all health plans other than Choice Plus with HRA and other plan changes

The committee reviewed a memo from the Human Resources Director regarding whether to implement health insurance plan changes and only offer one plan effective January 1, 2012.

With the passage of Act 10 and Act 32, the City now has the ability to change health insurance plans to respond to increasing pressure from medical inflation and to implement measures that promote active consumerism.

Ms. Aldana said at the end of the year the City proposes to eliminate the Choice Plan. At the start of 2012 there would only be one insurance plan, Choice Plus (PPO) with Health Reimbursement Account (HRA). This is the same plan and deductible structure that was approved last year for non-represented. The City would pay the first one half of the deductible. This plan will have lower premiums. This is a balanced approach to hold off inflation.

The City also proposed to make some design plan changes which would be adopted by resolution. These include changes to the in-network outpatient lab and x-ray and outpatient surgery from 100% co-insurance to 90% co-insurance after deductible. Emergency Room currently has a 100% benefit after deductible and proposed change is \$100 co-pay then deductible and co-insurance. In-network skilled nursing and inpatient rehab facilities would change from 100% for the first 30 days after deductible, to 90% after deductible. Ms. Aldana noted that changes were also proposed for prescription drug coverage. Generic prescriptions Tier 1 will decrease from \$15 to \$10 although Tier 2 and Tier 3 drugs increase in cost.

Ms. Aldana advised that the HRA has a higher out of pocket expense with more exposure for the employees. If the family is very healthy they can carry over the deductible not used from year to year up to a maximum of \$4000.

Ald. Donegan asked if there would be different deductibles for different groups. He noted that with the combination of WRS contribution plus 10% insurance payment and deductible increase, most employees are taking a substantial hit. Ms. Aldana said if there continues to be no pension contribution from the protected group or supervisors and there is no change in premium contributions there could be a deductible difference to offset this.

Ms. Aldana answered a question that the state health plan pricing is higher than the proposed HRA plan. Chris Fox asked if there would be cost design changes to make up for the protected group not paying into the WRS. Mr. Archambo noted that the idea is to get everyone onto the same plan and this is the tool to do that.

Moved by Ald. Ewerdt, seconded by Ald. Berdan
to recommend approval of the City only offering the
Choice Plus (PPO) with Health Reimbursement Account
along with the recommend plan design changes to all employees
beginning January 1, 2012. Insurance deductibles in this
plan could differ for different employee groups - Ayes: 4

Retiree health insurance premiums for non-protective

The committee reviewed a memo from the Health and Productivity Coordinator regarding whether the City should increase retiree health insurance premiums for active once retired non-represented, AFSCME, OPEIU, and IBEW employees.

The Employee Relations Committee has previously discussed the topic of increasing premium payments for retiree health insurance for non-represented employees on January 11th, 2011.

The City currently pays 110% of the preceding year's premium for eligible retirees hired before January 1, 2008. The City pays a maximum of a 50% premium contribution for eligible retirees hired after January 1, 2008.

Ms. Aldana advised that this discussion is for non-protective active employees only at this time. The City is recommending that the retirement health insurance benefit for all eligible non-represented, AFSCME, OPEIU, and IBEW employees once retired be amended to the following: 1). Employees hired before January 1, 2008 with at least 20 years of service as of September 1, 2011 – the City will pay up to 110% of the preceding year's premium for employees eligible for retirement. 2). Employees hired before January 1, 2008 with less than 20 years of service as of September 1, 2011 – eligible employees once retired will pay 5% of the premium. No change is being recommended for employees hired after January 1, 2008.

Moved by Ald. Donegan, seconded by Ald. Berdan
to recommend approval of the City paid retiree health
insurance benefit for active employees once retired be
amended as outlined – Ayes: 4

The meeting adjourned at 7:50 p.m.

Carla A. Ledesma, City Clerk
City of Wauwatosa

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