



CITY OF WAUWATOSA
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COMMITTEE ON EMPLOYEE RELATIONS

Tuesday, September 13, 2011 – 7:00 p.m.

PRESENT: Alds. Berdan, Donegan, Ewerdt, Organ, Walsh -5

ALSO Mr. Archambo, City Administrator

PRESENT: Ms. Aldana, Asst. City Attorney/HR Director

Ald. Donegan in the Chair

Two-Tier Pay System for New Hires. The Chair reviewed a September 8, 2011 memo from Ms. Aldana, Asst. City Attorney/HR Director, concerning the possible creation of a two-tier pay system that would be applicable *only* to new hires for members of OPEIU, IBEW and AFSCME. Substantial changes to the collective bargaining law have occurred as a result of the Budget Repair Bill (BRB); across-the-board increases may be bargained, but base pay, premium pay, salary schedules, and automatic wage progressions are now prohibited subjects of bargaining.

Until the BRB was implemented, the City paid positions consistent with what the City's comparables (other municipalities) were paying. Now, however, the City has the opportunity to evaluate the market using research on compensation in both the public and private sectors. Staff's intent is to examine the current compensation system in light of this newly available data; ultimately, research may involve an analysis of the current position classification system, and consideration of implementation of a permit pay/performance pay program. All of these initiatives will take considerable time and effort to study.

The City recently completed a market survey of two classifications of positions – clerical and laborer – to determine whether data exists to suggest that adjusting current pay rates for those position classifications is warranted. Six positions within the laborer classification and seven positions within the clerical classification were analyzed. Market data was obtained from 30 public sector employers and from major private sector labor data sources.

Results indicate that the City pays most of the aforementioned positions well beyond the market, in some cases as much as 20% more than the market.

Several vacancies within the aforementioned unions currently exist and more are expected in coming months. Based upon the data collected this summer, staff is recommending that authorization be granted to the City Administrator to implement a two-tier pay system for new hires within those unions.

It is proposed that Mr. Archambo (with assistance from the HR Department and compensation consultant, where necessary) be authorized to evaluate vacant positions against the market wage; *if* data indicates that a lower rate of pay is appropriate, the change will be made administratively. It was stressed that this wage adjustment will *only* apply to new hires, not current employees. Current employees will continue to

be paid according to the existing pay schedule (not a lower rate) if promoted or transferred; new hires will be compensated according to the adjusted pay schedule when promoted or transferred.

In response to a query, Ms. Aldana stated that less than 100 positions within the three aforementioned unions could be affected by this policy change.

Mr. Archambo added that depending upon the applicant pool received for vacant positions, hiring at the adjusted wage rate will occur, or a wage refinement may be considered. At least initially, this will be a process. He stressed that the intention is to continue to hire the best individual for the job, and to promote/transfer the best individual for the job. He acknowledged that all things being equal, however, consideration in a promotion/transfer situation may include salary.

Ms. Aldana noted that eventually the entire compensation/classification analysis may include whether or not to more broadly classify positions to permit more flexibility and cross-training.

The Committee agreed that potential savings realized by implementing this policy will be significant, particularly when viewed in terms of an individual's long-term employment with the City.

It was moved by Ald. Berdan, seconded by Ald. Ewerdt to recommend adoption of a policy whereby the City Administrator is authorized to implement a two-tier pay system for new hires in AFSCME, OPEIU, and IBEW, and to further undertake a broader review of the City's compensation system for a long-term strategy. –

Mr. Archambo indicated that as this process gets underway, the Human Resources Department will regularly report to this Committee concerning its status and progress.

He added that staff is completing a study of cities with private collection services; indications are such that Wauwatosa is fairly competitive already. These additional adjustments will insure that the City is even more so down the road. Eventually, Mr. Archambo would like department directors to get to two attachment points: (1) what is the FTE count for the department, and (2) how much of the budget is appropriated for salary and compensation. Using this approach should give departments more management flexibility.

With the consent of the Maker and the Second, the motion was reworded to read that the City Administrator is authorized to set rates so long as they approximate the competitive market. -5

Ald. Donegan opined that the City could have expanded the wage adjustment concept to include a much larger employee group. However, public sector employees have had a very difficult time of late and it is not the intent of the Committee to 'pile on' the employees. They have already taken a 9% cut. While salary adjustments ought to be made to make them comparable with the broader market, the employees themselves deserve respect in this process. He asked the employees to consider the City's financial constraints when evaluating the steps taken this evening. Ald. Donegan noted that he would rather see a smaller work force that is the best paid and most efficient in the area.

Collective Bargaining Update. Ms. Aldana reported that the police union and the supervisors' non-union group have filed claims against the City which argue that the City's interpretation of part of the new law is incorrect. One of the moves made in the state budget process was to allow municipalities to make health insurance plan design changes and select plans without bargaining. It is the City's position that it

must negotiate premiums, but not plan designs. Thus, in January 2012 all employees and retirees will be on the same health insurance plan. The unions disagree with this position. Similar claims have also been filed against the Cities of Milwaukee and Green Bay.

The City can deny the claim; the union would then have the right to sue and get a court's interpretation of what 'plan design' means. Alternately, the City can opt not to deny the claim; the unions could not sue the City for 120 days. At the end of that period, the claim is deemed denied. Third, the City can try to get the issue before the WERC (Wisconsin Employment Relations Commission) instead of a court. Lastly, the City can try to go to court and obtain a declaratory judgment. Options are still being evaluated. Whichever municipality acts first may help determine the others' course as well.

Mr. Archambo confirmed that if the issue is unresolved as of January 1, 2012, the City will execute the plan design as planned.

Ms. Aldana opined that this issue will make collective bargaining more complex, as it will factor into the unions' inclination to accept a wage proposal.

Mr. Archambo also reported that the City has a tentative Memorandum of Understanding with the fire union concerning vacation selection.

There being no further business, the meeting adjourned at 7:47 p.m.

Carla A. Ledesma, City Clerk

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