

**Evanston City Council
Closed Session Minutes
Aldermanic Library
Monday, February 6, 2006**

PRESENT: Aldermen Holmes, Moran, Tisdahl, Rainey, Hansen, Wollin, Jean-Baptiste, Wynne and Bernstein

ABSENT: None

STAFF: Judith Aiello, Julia Carroll, Pat Casey, Herb Hill and Bill Stafford and Judith Witt

PRESIDING: Mayor Lorraine H. Morton

START: 8:53 p.m.

Alderman Bernstein moved that Council convene into Closed Session for the purpose of discussing matters related to collective bargaining pursuant to 5ILCS Section 120/2 (c) (2). Seconded by Alderman Holmes

Roll call. Voting aye – Holmes, Moran, Tisdahl, Rainey, Hansen, Wollin, Jean-Baptiste, Wynne and Bernstein. Voting nay – none. Motion carried (9-0)

Collective Bargaining

City Manager Julia Carroll stated this meeting was to update Council on collective bargaining and employee benefits.

Human Resources Director Judith Witt noted that Council received a memo in November stating that three out of four union contracts were up for negotiation: AFSCME, Teamsters and Police Sergeants. Negotiations started in December 2005 are well under way. All proposals are on the table in negotiation.

AFSCME's major proposal was an 8% wage increase. The major issues are wages and health insurance. AFSCME proposes no change in the cost of health insurance; want more time off for permanent part-time employees. The major City proposal is a change to medical insurance language that would allow the City and the unions to look at the cost of health insurance to get healthier employees at a lower cost. Current contract language makes it difficult to do that. The City is trying to get language that allows the City to do that with all three unions; is looking to increase employee contributions for health insurance and with AFSCME to trade the employee birthday day off with a floating holiday at no cost. AFSCME is adamant about keeping the birthday and many employees don't want their birthdays off. They have made good progress with AFSCME; have agreed on health insurance language; are narrowing the gap on health insurance contributions. She hoped to settle that one in the next few weeks. Alderman Bernstein asked about wages.

Ms. Witt said on wages, because of state law, police and fire cannot strike. If they cannot reach agreement on a contract they have to go to binding interest arbitration with a neutral arbitrator. The arbitrator looks at internal/external comparables. So the City cannot price itself out of the market either way. Comparable raises are 3-1/2% to 4% -- where they have been for the past several years and anticipated for 2007. Currently the union is at 6% and the City is at 1.75%. Health insurance and wages are closely tied together.

Alderman Wynne asked if Ms. Witt had heard from Blue Cross/Blue Shield. Ms. Witt said the health insurance increase is at 13.9%. and it may go down. They have looked at getting the Teamster plan, which is more expensive, as part of the overall City plan; and are also looking at a shorter renewal period of 10-11 months. They may get it down 1/2% to 1%. The trend is an increase of 12%. That is the cost of what is provided plus their cost of doing business. The City has an older age group and they have some utilization issues. The City wants to spend more on preventative care than on cardiac cases; to look at where money is being spent and where they can save, yet not discourage employees from seeking good health care.

Mayor Morton asked why three options are offered? They are PPO, HMO, and HMO Blue Advantage. Ms. Witt explained the City has had an HMO through Humana for the past 30 years. Blue Cross offers two HMOs and HMO Illinois has virtually all the ENH doctors. The Blue Advantage has doctors that are only in that network so employees take that. The City has had a point of service or PPO plan as an option. It does not cost anymore to offer two HMO plans. Alderman Rainey did not understand their role in this and why they cannot say here is the most fabulous coverage you can ask for, a Blue Cross HMO which costs a family \$968 and \$360 for an individual and they have to pay a pittance for this coverage; also available is coverage for \$1400, but you will have to pay that extra \$400. She asked why the City should offer both when one is perfectly fine. People can change doctors. Ms. Witt said they cannot go to the bargaining table and propose drastic changes all at once; but they are proposing that employees in the PPO contribute more. For several years the HMO and PPO cost about the same, but don't anymore. A number of employees want to choose their own doctor. Contributions will be increased. The problem they face in doing that is the healthy people go to the HMO, sick people will stay in the PPO (happened 20 years ago) and the insurance won't get renewed. Alderman Rainey said she did not see why this community has to make available "the sky is the limit" insurance to any employee. How does it affect the bottom line? Ms. Witt said with a premium increase of 50% or more in some cases they are looking at a 50% increase at the bargaining table. Ms. Witt said they were told by Seyfarth & Shaw that if they went to the table and said that police/fires employees will have to pay \$500 a month for family coverage, they would end up with the interest arbitrator who would look at the status quo, the history of coverage and would ask why the big jump. There is a history of what benefits have been given. To get good employees the City must offer good benefits. She did not disagree that the PPO has gotten significantly higher in cost.

Ms. Carroll asked what the contract language says about multiple plans. Ms. Witt said the contract offers the plans. Ms. Witt is proposing a \$60 increase monthly for family coverage in the PPO. That is \$210 in some cases. Mayor Morton said that single coverage under PPO is \$445.29, and asked how much the city paid of that? Employee contributions are on the second page of the handout and the chart showed employee contributions and where they stack up. Alderman Rainey asked if all communities offer plans. Ms. Witt said they surveyed communities and those that responded showed that employee contributions for PPO single, range from \$45 to \$85 per month, based on the employee.

Mayor Morton suggested they set up X amount of dollars and say that is what the City will pay per employee. Currently employees pay \$95 to \$170 per month for family coverage. Alderman Rainey noted a couple with no children pays the same premium as family coverage. That is looked at every year. Ms. Witt said for single/family if they take a three or four tiered rate, the family rate is made more expensive. They have to look at the numbers and the City has a large number of families. Alderman Rainey said the key is to continue to offering premier coverage, but this huge basket of goods needs to be honed down. People who select the higher cost insurance should pay more. Ms. Witt said that is the message she is sending. Ms. Carroll noted they cannot make that up in one year.

Mayor Morton said they always get to the point where they cannot do this or do that. One man told her that the community is on the verge of a tax revolt. She hoped he was just talking. That is because people are expecting some kind of tax relief; suggested they may have to consolidate some staff. Affluent people are leaving the community. They have to do something to sensitize staff, want to be fair and keep them, but they must pay a greater amount of their health insurance. All are in this boat together. The issue she hears about is people who work at the City and spend elsewhere.

Ms. Carroll said if Council wanted staff to negotiate for a single plan, that is a major shift and they could end up in arbitration. They have to look at how Evanston compares to other communities. There are 11 communities that offer two plans; 13 communities were surveyed on employee contributions. Evanston is the highest on HMO single contributions and has lows and highs based upon the employees salaries. Not all communities do that. Some communities say here is your premium, you pay it. That would be another change to negotiations. The reason Ms. Witt is asking for the language change in the contracts is that currently the City is hamstrung with how the plan can be changed. They need to look at the insurance plans to see if they are competitive in terms of co-pays, deductibles, maximum out of pocket employee pays. The first step is the language change. The second step is to work toward something else. They need to have a policy discussion about where Council wants to go in advance of negotiations. She did not think they want to take something in at the 11th hour where they are already discussing proposals, which makes it difficult for Ms. Witt. The City is asking for increased contributions and to review plans which are key. If they ignore what others are doing they will be in trouble. That is important for police and fire. The 475 AFSCME employees have the right to strike if they feel the City is not bargaining fairly. Ms. Carroll was not afraid to make demands and thought that the raises they are proposing are

reasonable. The CPI is 3.4% in 2005. If they end up at 3.5% people are getting 1/10th of a percent above that for their increase which is reasonable.

Alderman Wynne said Evanston is an expensive community to live in and a challenging place to work. There are competitors all around and they don't make a change in a vacuum. How does the City retain a good quality work force? If they don't retain people who work hard they are cheating themselves in terms of the budget and won't have efficient government and agreed that changes need to be made. Staff is telling them what to do to remain competitive. She was hearing that the City will get slapped back legally if they make a radical decision, because the arbitration system will self-correct. Ms. Carroll said the average wage increase last year's contracts was 3.7% and they have to be mindful of that. Police and Fire look at competitive benefit packages all the time, so they need to look at the full package offered. Staff needs direction and over the next year they will work on the health insurance, but cannot make a radical change now.

Mayor Morton said they have to send the message that things are not what they used to be and that this Council has another agenda. Nobody was after anybody. The only thing she did not agree with was that Council agreed to pay off Police pension money owed in a shorter time than the payoff of the municipal fund for the teachers. The General Assembly raised the limit to 2041 from sometime in 2020.

Mayor Morton recalled when public housing came to Evanston, there was a written agreement between the Cook County Housing Authority and the City that Cook County would pay something in lieu of taxes. The City has not received a dime from Cook County. She gave the papers to 1st Assistant Corporation Counsel Herb Hill to pursue. She said that Mr. Floyd came to her and asked if Evanston has gotten the money they are entitled to. She said they have to get to work on that because it goes back for years.

In response to Mayor Morton Ms. Witt stated that department heads, fire and police chiefs and an attorney are in negotiation sessions with her. Ms. Witt appreciated the message and said she could send it more strongly as long as they are consistent.

Alderman Moran said the direction they want to give has to be developed outside the negotiating period. If the direction is going to become effective, it must be sent in advance of negotiations. Ms. Witt cannot go in and field proposals from them and put proposals on the table then half way through get tough. Negotiating parameters have to be determined well before negotiating takes place. There are a number of things in play. Some are decided by Council, some are decided by other communities that if they get tough and go to interest arbitration, it won't just be Evanston, but what Wilmette, Skokie, etc. do. They have to integrate all those pieces and develop an integrated negotiating strategy that they can publicize and emphasize the direction Evanston wants to take. It will take a lot of planning, data and determination. The City has to be out front. This won't happen now, and if it ever happens, it will happen when they sit well in advance of the negotiation and develop a negotiating matrix of where they want to end up to have a reasonable hope of ending up there. Ms. Witt said this was similar to what they have talked about over the years. The concerns are budget and taxes and the pie is only so big.

Alderman Jean-Baptiste suggested they have an excellent opportunity to begin a strategic approach to transitioning the Health Department into the hospital systems because they can absorb staff. He did not support cutting back and throwing staff out. Privatization of sanitation would result in elimination of jobs. They may be able to get some relief, but none in the short term. He has confidence based on what Ms. Witt is doing. Alderman Bernstein agreed that all are long term solutions and did not want to lay anybody off. The way you get their attention is to say, we cannot raise taxes, and you want these things, we are sorry but they will have to cut. Unions won't give anything up unless they have to. The unions watch the budget sessions and know what the situation is. If when the manager said that 80% of the budget is personnel and unless people are cut the budget cannot be cut more, if nine hands had gone up and said cut people, she would have had more leverage. In the long term they have to do what Aldermen Moran and Jean-Baptiste suggested. They cannot retract things only minimize the number. And if they are willing they can negotiate in good faith and give what others give but cannot give as much.

Alderman Holmes suggested if they had all the facts and information, they would not be having this conversation. As a new alderman she wanted to know how the budget is constructed and where cuts are possible. There may not be much fat, but there is some fat somewhere. She understood 80% of the budget is people and that once they are in negotiations they cannot make changes. That was why she advocated they look at this early to give staff direction. Council needs to look at benefits and how they came about. She has serious issues with so many accruals and payouts on sick leave and won't vote for a property tax increase. She liked the food/beverage tax. suggested by Alderman Rainey. They cannot continue with stopgap measures every year and need a system; have to consider Alderman Jean-Baptiste's suggestion; privatizing sanitation is not good for citizens or employees; need to look at people working for the City who do not put their money back into the community. She thought that employees have to live within a certain radius of the City. Was that being enforced? Ms. Witt said that was true years ago for police and fire. There has not been a residency requirement for police in 25 years which originally was in place for rapid response when people were off duty. Fire has a residency requirement that they have to meet within a certain time period after hire. The boundaries are Wisconsin, Iowa, Indiana and the lake. With mutual aid there is not a need to call people in. Ms. Witt said the Civil Service rule was dropped prior to 1980 because it was not necessary. Alderman Wollin recalled the argument for residency was if the police lived here and knew the community they would do a better job.

Alderman Tisdahl said it sounded like a Budget Committee is needed; recalled that many budget meetings were cancelled. Mayor Morton suggested early in the year that Council take the budget book, examine it and give some direction to staff.

There being no further business to come before the Council, Mayor Morton asked for a motion to adjourn and the Council so moved at 9:45 p.m.

Mary P. Morris,
City Clerk