



Agenda Item:

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## COUNCIL COMMUNICATION City Manager's Office

### GENERAL INFORMATION

Agenda Date: 02/23/04

Communication

No.:04-093

Agenda Item Type: Approve

Roll Call

No.:

Submitted by: Thomas G. Turner, Human Resources Director

### SUBJECT—

New Housing Services Department labor agreement with AFSCME.

### SYNOPSIS—

Approve the new Housing Services Department labor agreement with AFSCME for the period July 1, 2004 through June 30, 2006 and authorize the Mayor to execute the new labor contract.

### FISCAL IMPACT—

Health insurance changes will reduce cost of this benefit by \$64,000 from planned FY04 expense. This change is already reflected in the FY04 budget.

### RECOMMENDATION—

Approve

### BACKGROUND—

The Housing Services Department has one bargaining units represented by the American Federation of State, County and Municipal Employees (AFSCME). The unit is comprised of clerical and maintenance classifications. This unit's labor agreement expires on June 30, 2004. This new agreement with the City has been ratified by the membership of the union.

AFSCME agreed to change the medical plan to provide for wider application of the deductible and co-insurance to include hospitalizations and other services. Other health plan changes included an increased deductible from \$100 per person to \$250 for a single and \$500 for a family. Out of pocket maximums were increased from \$500 for single and \$1000 per family to \$750 for single and \$1500 for family. Co-insurance will be 90% paid by the plan and 10% by the employee until the out of pocket maximum is reached. Office visits co-payments were increased from \$5 to \$10. Drug co-payments were increased from \$0 for generic and \$5 for brand name to \$5 for generic and \$15 for brand name. These changes, when reviewed by Wellmark, resulted in a reduction in the renewal premium for FY05 of 11.67%.

	<u>Single</u>	<u>Family</u>
FY05 Premium w/o change	\$417.03	\$1,042.55
FY05 Premium WITH change	\$385.17	\$ 962.93
Monthly Reduction	\$ 31.86	\$ 79.62

This reduction saves the Housing Services Department \$64,000 from planned premium payments based on February enrollments and coverage selection.

AFSCME did not agree to a premium contribution. However, the union settled for a lesser pay increase. The labor agreement provides for a 2.0% increase effective July 1, 2004; a 1.5% increase January 1, 2005; and another 1.5% increase July 1, 2005. This totals 5.0% for the two years versus the 6% provided to the library. This 1% lesser wage increase represents a savings of \$18,000 based on the annual pay of employees in this unit. Two thirds of this savings will be realized in the second year of the agreement.