COMMITTEE ON HUMAN RESOURCES/INSURANCE

November 1, 2010 **5:15 PM**

Chairman Shea called the meeting to order.

The Clerk called the roll.

Present: Aldermen Shea, Ludwig, Ouellette, Arnold, Craig

Messrs: J. Gile, M. Roche, J. Higgins

Chairman Shea addressed item 3 of the agenda:

3. Summaries of outstanding arbitrations and grievances submitted by the Human Resources Director.
(Note: Provided for informational purposes only; no action required)

Chairman Shea stated this is for informational purposes only.

Chairman Shea addressed item 4 of the agenda:

4. Communication from the New Hampshire Alliance for Retired Americans regarding health insurance premiums for retirees.
(Note: Referred by the Board of Mayor and Aldermen on October 19, 2010.)

On motion of Alderman Ouellette, duly seconded by Alderman Craig, it was voted to discuss this item.

Chairman Shea asked Jane, do you have any information?

Ms. Jane Gile, Human Resources Director, replied yes. The representatives from the New Hampshire Alliance are not here this evening. However, I met with a representative group to discuss supplemental insurance on October 5th. At that time we did discuss their concerns and I believe they were satisfied with my responses. Regarding this money that we applied for, we do have some good news. Our application was approved.

Chairman Shea stated so the way it is now, it has been in your judgment, resolved with the representatives that you met with.

Ms. Gile replied yes. We had a very good conversation and we were willing to answer any questions they had about the supplemental insurance.

Alderman Arnold stated Jane, so if I'm hearing you correctly, it's premature to have a discussion as to where any funds will be applied.

Ms. Gile replied no, we did discuss that with them. The way the plan would work is because the retirees under-65 have the same plan as the employees have. Therefore, any of the monies that are received would be used to offset the costs of the plan, the employee plan and the retirement plan, because you can't separate them out. Any monies would be offset against supplemental payments in the future.

Alderman Ouellette asked Jane, is there any way in the future that we could even offer a different plan to retirees that are under the age of 65 that might be able to keep it more cost beneficial for them?

Ms. Gile replied yes and no. Any plan that we would offer to retirees under 65 would also have to be a plan that was offered to our employee group, and that basically has to do with employees who might be getting a medical subsidy from the State of New Hampshire. The State of New Hampshire would only recognize those plans that are offered to employees as well. If we were to start another plan, and there is that potential, that we would offer another option to plan, the City's plan that might have higher deductibles or have higher co-pays. So the plan design might change, but it would also have to be offered to employees, as well as to the retirees who are under 65, in order to comply with the State's requirements.

Alderman Ouellette asked so you can't separate them out as a sub-group?

Ms. Gile replied we cannot, and I think if we did do that, the plan design would have to accommodate that this group may be higher users than the regular employee, just because of age. Sometimes when people get older they use the plan more.

Alderman Ouellette stated or whereas they wouldn't have children at home, per se, they may not be higher users, depending on the situation.

Ms. Gile stated it depends on the situation. Sometimes the utilization for this group might be higher, but it doesn't necessarily mean that it always is, but often times it is higher because of more serious medical conditions.

Chairman Shea asked at the Committee's discretion, do you want to receive and file it?

Alderman Ouellette moved to receive and file. Alderman Arnold duly seconded the motion. Chairman Shea called for a vote on the motion. There being none opposed, the motion carried.

Chairman Shea addressed item 5 of the agenda.

5. Communication from the United Steel Workers requesting that money be budgeted for a Position Classification Study.

On motion of Alderman Ouellette, duly seconded by Alderman Ludwig, it was voted to discuss this item.

Mr. Mike Roche, United Steelworkers of America, Local 8938 President, stated this union represents the Manchester Water Works in this city.

Chairman Shea asked you have some sort of request for money for a study? Could you elaborate so that we'll have some idea what you have in mind?

Mr. Roche replied actually my letter just stated that historically every decade there was a classification study, which goes back to the 1960's when you set up a classification plan. In 1973 there was a Locke study, in 1986 it was Arthur Young, 1998 was Yarger-Decker, and in two months this decade will be history and there hasn't been any talk about a study coming up in Yarger-Decker, a compensation study. It generally is a two to three year cycle. In 1997 when we last went out for RFP, the negotiations took almost three years before they were all concluded. There were people still negotiating, meaning bargaining units, in February of 2000. So it is a three-year cycle.

Alderman Ouellette asked Jane, if we approve this, would this be one of the ways we could abolish Yarger-Decker?

Ms. Gile replied let me preface that. When the Yarger-Deck study took place, and Michael is correct that it took place in the late 1990's, and that was at a cost of about $300,000. So the cost of implementing a study in and of itself can be a very expensive proposition. My understanding is that the study that was done in the 1980's was a lot less than that. However, when you do this kind of a study, whether or not it would abolish Yarger-Decker, it could, but it may present a different pay and compensation scale for City employees. Some employees could be paid higher; some employees might be paid less, depending on the market value of those positions within the City and the internal integrity within the City itself. So, yes to your point that could it replace Yarger-Decker, yes. Would it be at a lesser cost? Not necessarily.

Alderman Ouellette stated in 1998 when the study was moving forward I was not involved in politics, I wasn't on the School Board yet but just a bystander, and I thought back then that Yarger-Decker, when the study proposal came out, was going to be bad for the City, and I underestimated that. It has been absolutely abominable for this City. This Yarger-Decker study, this pay matrix that we go on, has cost this City millions and millions and millions of dollars. When you have cost of living increases not even based on any price index that, to me, is not a cost of living increase. I always came from the mindset that unions negotiate contracts and that's the way it should be done. I would like a little bit more information on how we proceed and what a true cost is before I'd make a decision on this, but it is something that I'm interested in because I don't think Yarger-Decker has been beneficial to the City and the taxpayers. I'm really not sure it's even beneficial to the employees.

Ms. Gile stated if we were to do this, we would have to send out an RFP, and that RFP would be a broad sweeping RFP, to different people that do this type of work. Then they would charge us a fee to do the work that would need to be done, and as part of that work, it is very labor intensive. They do interview people who are in positions; they do rewrite job descriptions; they do some market analysis of the jobs; they do some comparative analysis and so forth. When Mike said it was a long process that is true. It is a long process and what the company charges is only their part to do it, but there is a lot of staff time that's involved as well. The end result wouldn't be until the termination of the study, so I couldn't guarantee that the results of the people that do the study would be any more cost effective for the City. I couldn't guarantee that.

Alderman Ouellette stated I understand. I have a question for you, Mr. Chairman. You were asked about your expertise, and I believe you were an Alderman when the study came forward. If I remember right, Mr. Chairman, that study also included all the way as far south as Boston, and it was a large scope that they looked at in terms of making comparisons. That was another reason I wasn't in favor of the study. I don't think it compared apples to apples. The wages in Boston are a lot different than they are up here.

Alderman Craig stated Alderman Ouellette that was one of the questions that I had. Who would we be comparing to, and also are we looking at total compensation, so we would be looking at salary as well as benefits?

Ms. Gile stated I'm not sure if this study looked at benefits. The last time I know they did look at compensation; I'd have to review the study. But I believe that they basically looked at comparative salaries, and I do believe that they looked at some of the larger metropolitan areas in New England, and you're right that that may have taken place.

Alderman Craig stated if we were to do something like this, I would recommend that we look at compensation as a total compensation package, not just salary.

Chairman Shea stated in answer to Alderman Ouellette, when that came up, I did not vote for it because I felt that there was no handle on the expenditures that would be compensated either for classification or compensation. That's what the study was; it had nothing to do, in my judgment, with benefits, that is health benefits. But there was no money that the person in charge of Human Resources could give the Board members, as far as what the expense would be, the second, third and fourth year. It was funded through the department heads who had previously just received about a 10 or 12 percent increase. So they really were the ones that paid for the most part for this particular study which really was done. Because according to the initial judgment of the people that were involved in the committee, there was a disparity between a secretary working in one department, vis a vis one working in another department. And when it came down to the real nitty, gritty, that was not part of what I brought up at the meetings because they said that wasn't part of it. Well it certainly was. So the point was that it was based, in my judgment, on different kinds of issues that were really not fair to every single department in the City. And as a result of the study, in my judgment now, certain departments were the beneficiary of this particular Yarger-Decker study and certain departments were not. It tended to separate the bottom level of workers in the City from the top level, so the separation became wider as far as the pay differential was concerned. Again, there may have been some positive aspects of it, but I'm just sort of stressing the negative parts. In other words, as a result there has been some sort of compensation predicated. I think a lot of times there were certain areas of this City that needed improvements.

Alderman Arnold asked Jane, any idea what the pool of perspective bidders would look like? Are we talking about one or two companies regionally that would do something like this or what?

Ms. Gile replied I know Yarger-Decker is no longer, so that would be one that would be eliminated, and I think we'd have to research that to see what companies are doing it now. I can think of a couple offhand that I am aware of, but I would have to do a little more research on that.

Alderman Arnold stated out of curiosity, I'm not going to hold you to it, but I'm just interested in a ballpark. We're just talking about a handful though, probably?

Ms. Gile replied I would say under ten.

Alderman Arnold stated Mr. Chairman, I'll just echo Alderman Ouellette. I agree with him that I would be interested in getting more information as well to see if we can't come up with a better system for the City, its residents, and the employees. Thank you very much.

Mr. Roche stated I just have one comment for Alderman Ouellette. What you said earlier, it was based on something originally, Alderman, you said it wasn't based on anything. It was based on the consumer price index. When we first negotiated that collaboratively, eight unions, it was based on a CPIU in this region and that lasted only one contract or two years. Then when we renegotiated, the City fathers, the people sitting in this chamber, which was brand new, didn't want it tied into the CPIU. If it was tied into the CPIU today, the raises would be zero for the employees. You can't have it both ways.

Alderman Ouellette stated for the last two years.

Mr. Roche stated but it was tied into something. And on the Project Oversight Committee there were 12 people and Mr. Shea was on that committee, at the end of it. He was on the project; he was on that same committee.

Chairman Shea stated and I resigned from it after one meeting because I knew where the ball was going.

Mr. Roche stated and it's just you and I left out of 13 people, but yes.

Chairman Shea stated we were down at the Airport, and that was the first and last meeting of that committee that I was at.

Alderman Ludwig asked Mike or whoever else could answer, is there anything written that says, or is it just past practice, that we do it every ten years or something?

Mr. Roche responded is there anything written? Not that I've seen, Alderman.

Alderman Ludwig asked so there's not an ordinance in place or anything that says that we need to do it?

Mr. Roche replied no there isn't, to my knowledge.

Alderman Ludwig asked so what has brought it your attention? In other words, you just woke up this morning and said I think it's time for a classification study?

Mr. Roche replied being aware of dates and the history of the employees in the City of Manchester, being around quite a while, I know we missed this decade, so I felt I was obligated to step forward to bring it to your Board since 2007 changed by two thirds. I dealt with four people before Ms. Gile. There are new players all the time and for whatever reason they don't understand what took place 10, 20, 30, or 40 years ago. So once in a while I have to deal with the history. That's all.

Alderman Ludwig stated thank you, Mike. I'm sure there are a lot of reasons that we entered into doing the Yarger-Decker study. One I believe was to reduce the number of job classifications that the City had out there from a phenomenal number, and I don't know what that was, down to a more manageable number. It grouped people together, which was a difficult thing to do. I'm not sure that that would need to be done over again today, although it may well be. Secondly, I remember a long time ago, some discussions that took place, and maybe Ms. Gile knows, the pile of requests for reclassifications on the Human Resources Director's desk at the time was going through the ceiling. I believe one of the reasons that we undertook that reclassification was because that person was basically inundated and couldn't come up for air anymore. My question to you Jane is, I hear every once in a while go back and refer to the Yarger-Decker study and you do desk audits, you talk about with people, you still assign those point values. Are you buried at this point with requests for reclassifications that you can't handle?

Ms. Gile replied no. I think when I first came in there were a number of them that were kind of sitting back. When I first came in there were a number of them that needed to be done. At this point in time I think it's just the normal ebb and flow of things. If you look at a job classification and there's some information that's not updated in it, then we might look at that, or if there is a request by a department to look at a job classification, but it's not overwhelming, if that's your question. The other good thing about what Yarger-Decker did, and you Ron can probably remember this too, it put everybody on the same pay scale because prior to that there were a number of different pay scales in the City, and different unions had different pay scales. So the beauty of that is that it did put everyone on the same compensation pay scale.

Alderman Ludwig stated I'm just not sure, other than for the sake of it's been a number of years and we should probably do another one, I'm not that this needs to happen, Mike. I would hate to say let's revisit this so that we can lower the three percent between; I wouldn't be for that. Yarger-Decker was put in place, and Alderman Shea is correct, it was an expensive plan, but to me we're working towards the end now when more employees are hitting that fourteenth step. I think that part of the sell that Yarger-Decker made, Chairman Shea you can correct me if I'm wrong, was that yes this is going to be like this. However, as you start to get people to those last steps, you should see a little relief. Mike, do you think that's happening?

Mr. Roche replied absolutely. Most people are red-lined; in most departments 60 percent of their employees are in step 13 or higher, yes, and that will happen in time. Absolutely.

Alderman Ludwig stated I'm not sure if it's coming from an overwhelming request of reclassifications, which is what drove the other thing. I have some other knowledge and reasons for what drove the other thing, but I'm not going to say them. So I'm not sure what we'd be accomplishing by another $200,000 to $300,000 study. I'm not saying that maybe like Alderman Ouellette related to in his opinion that it wasn't really tied to anything. I don't want to see the employees hurt by lessening what's in place now, and what would be gained in terms of us undertaking another whole study. Do you know where I'm going with this?

Mr. Roche replied I do. Like your last three studies, the people in this room before you thought that every now and then it needed to be done. Now when you're talking about being hurt, consider your studies like the property revaluation. A third go up, a third stay the same and a third should be lower or red-lined, and that's the same with the classification studies, generally speaking. But I'm not sitting here as a union president going out trying to hurt people. There's no good time to have a study. It wasn't good in the 1970's; things were bad, and it wasn't good negotiating in 1999 when we got $36 million from Claremont when we were missing negotiations, that didn't help us out. That windfall didn't help us a bit at the bargaining table, but you people decided many years ago that you're going to do a study periodically. It has been every decade, and I'm just bringing that front and center because I don't see anyone else doing it.

Alderman Ludwig stated in response to that, and I'll ask you Chairman Shea as you've been around here a while, or Jane, is there anybody on a consultant level that could look at our classification system as it's in place now and tell us, as a consultant, whether they think this is something we should revisit and give us any information in terms of whether it is something we should really even be looking at. Quite frankly, unless I hear something else from you, Mike, or somebody else, I don't see the need right now, but I don't live in the same world as the Human Resources Director either.

Chairman Shea asked Jane, what do you think?

Ms. Gile replied are there positions that are totally out of whack? If that's part of your question, I don't believe so, but to have someone look at it there is going to be a cost associated with that no matter how you slice it, I would think, unless someone has someone that would do a gratis for the City.

Chairman Shea asked as head of the Human Resources Department, would you recommend that there be a study?

Ms. Gile replied I'm not sure if this is the correct time to do this, and that's my own personal feeling. I think that because of the budget time that we're approaching right now it would draw a lot on staff. And the way it looks now, next year in terms of staffing and so forth we may be compromised with a number

of people that we have on staff. If, in fact, it's a doom and gloom budget, we may be losing people.

Alderman Ludwig stated maybe we could just refer it to the full Board, to the budget process, and the let full Board take it up as how it sees fit. I, for one, don't have a problem talking about it at that point, but I'll yield to other members of the Committee.

Alderman Ouellette stated I would agree with that. We can pick apart Yarger-Decker and we could be here for another couple of hours. I think, and maybe the Chairman of the Board may want to say something on this issue because he looks rather eager to say something, but I don't have a problem sending it to the budget committee. But I couldn't disagree with you anymore, Jane, with all due respect. I think now is the perfect time to do it because we've been seeing some numbers that are coming out of the Finance office and it is pretty scary. Again, it's not hurting employees, I agree, but I don't even understand how the merit pay works and all that sort of thing. Like Mike said, there are a lot of us that are new who weren't around here when it was voted on. I don't even get the concept of the merit pay thing, but there are a lot of things we could keep picking apart all night, so I'll leave it at that. I think we should be moving forward with this.

Alderman Lopez stated thank you very much, Mr. Chairman. I won't take too much of your time, I know you're busy. What I believe needs to be done is that a review should take place as to how we got to this point because we do have union contracts. That man sitting right there when Yarger-Decker was approved said, 'Where are you going to get the money? Do you recall that, Michael? Where are you going to get the money in the years to follow? Mike Roche said that and I can prove that. But I think what needs to be done by HR is to put down everything that's involved here. When I took over as HR Chairman in the year 2000 for history, there were 101 people who wanted reclassification to answer one of the questions, and the Board put a moratorium on those and said after one year come back and ask for reclassification. I was there for four years and nobody came back as a bundle of 101 asking for reclassification. I think the history of going to Yarger-Decker…you have to remember that two years before Yarger-Decker came into place, every department head in this City received an average of a $10,000 pay raise because they hadn't had any for a number of years. Then when Yarger-Decker came into place, they also reaped the benefits too. So everybody has reaped the benefits. I don't have to tell you the pay grades of what we're receiving. Some people are going to get three percent, some people are going to get five percent, some people are going to get eight percent coming up. That's what is wrong, and we as a body and as employees, have destroyed Yarger-Decker. It doesn't exist because we changed it so much. It used to be a merit where you had to prove to give somebody merit pay. As Chairman of the HR Committee, I can tell you that 97.6 percent of the people got a merit pay increase every year, and the people said it was too much paperwork, and so what happened. It is now satisfactory and unsatisfactory, and I think Jane could probably produce

that we're going to give 97.6 percent of people a pay raise of three percent merit. Anybody who believes that we're at a high grade of Step 14 and everybody is covered, it is never going to happen in this City. It has been proven in the last ten years, and Jane Gile can get you the statistics. But the problem going into a budget season is if we're going to do something like this, it's going to cost a lot of money. We have union contracts that we have to uphold. That's my only comment.

Chairman Shea asked what is the consensus of the Committee? Do you want to receive and file it? Do you want to refer it to the budget committee?

Alderman Ouellette moved to refer this item to the budget process. Alderman Arnold duly seconded the motion. Chairman Shea called for a vote on the motion. The motion carried with Chairman Shea voting in opposition.

Chairman Shea addressed item 6 of the agenda:

6. Communication from Jane Gile, Human Resources Director, requesting that CIGNA be authorized to offer the CIGNA Comprehensive Indemnity Plan, effective January 1, 2011, to City retires over the age of 65.

Mr. Jim Higgins, CIGNA Healthcare, said thank you for having me. We implemented a private fee for service retiree plan at no cost to the City in July of 2009. It is paid for by the retirees for the City of Manchester. The contract was originally going to run from July 2009 to December 31, 2010. Last April and May we worked with the City to see if we could extend it, and we were able to extend the contract to July 1st for the benefit plan for the retiree population. At the time, in April and May, the guidance we had from CMS, Medicare Services, was that we could do this. Recently they put out a ruling that prohibits us from continuing to offer the private fee for service Medicare plans past December 31, 2010. That wasn't something that we had any guidance on last April or May when we were working with the City to extend it to July 1st. We value our business the City, so we've come back with what we think is a solution, which is to replicate the current medical plan the retirees have for January 1, 2011 through December 31, 2011. There would be no change in benefits, and if you're a retiree, it becomes better because you pay the same rates you do today through the rest of 2011.

Alderman Arnold asked Mr. Higgins, how long were the PFFS rates locked in for?

Mr. Higgins replied originally for 18 months and then we extended them in April/May for another six months, so it would have been two years.

Alderman Arnold stated what I'm getting at is whether or not you are adding something to sweeten the deal by extending the rates until December 2011 or are the PFFS rates locked in for longer than that to begin with. I guess that's where I'm going with that.

Mr. Higgins stated these rates would have run out in July next year.

Alderman Arnold stated that sounds like a good incentive to accept your proposal.

Mr. Higgins stated thank you very much.

Alderman Arnold moved to approve this item. Alderman Craig duly seconded the motion. Chairman Shea called for a vote on the motion. There being none opposed, the motion carried.

Ms. Gile stated I would respectfully request that this be referred to the full Board.

Chairman Shea replied it has already been mentioned. The Clerk has already been informed if it were to pass that he would do that.

TABLED ITEM

Recommending that Ordinance amendment:

7. "Amending Section 33.081(F) (Sick Leave) of the Code of Ordinances of the City of Manchester."

ought to pass and be referred to the Committee on Bills on Second Reading for technical review.
(Note: Unanimous vote of the Committee on Human Resource/Insurances on 05/04/2010; referred back to Committee by BMA on 05/18/2010. Tabled 06/28/2010.)

This item remained on the table.

There being no further business, on motion of Alderman Ouellette, duly seconded by Alderman Arnold, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee