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FOR IMMEDIATE RELEASE

### Agreements Between City and Unions Help Bridge Budget Gap

At a budget work session held on Tuesday evening, the Two Rivers City Council approved agreements with five employee unions.

Those agreements will provide budget cost savings totaling at least \$180,000--about 50 percent of the savings needed to eliminate a projected \$360,000 General Fund budget shortfall for 2010.

The agreements were approved by 7-0 votes of the Council. Council members Mike Panosh and Brian Powell were absent due to work commitments.

#### Agreement with Four AFSCME Units

The first agreement, between the City and its four AFSCME units, provides for a 2010 pay freeze and for a change in health insurance networks that will erase an 8 percent premium increase that would otherwise take effect on January 1.

The insurance network change, from the current Health EOS Plus Network to the United Health Care (UHC) Choice Plus Network, will not change employees' underlying benefits, but will result in more significant discounts for medical services provided by in-network providers.

Some providers in the City's current network do not participate in the UHC network. Employees using such out-of-network providers will face higher out-of-pocket expenses.

In return for agreeing to these cost-containment measures, members of these units will receive a "no layoff" guarantee for calendar year 2010. Employees in these units will also receive a one-time award of 32 hours of additional paid personal leave for use in 2010.

The AFSCME agreements will constitute one-year extensions of each of these units' bargaining agreements, which otherwise would have expired on December 31, 2009.

The four AFSCME units include: the City Hall unit with 14 full-time and 8 part-time employees; the Electric Utility Unit with 8 full-time employees; the Public Works/Parks/Water & Sewer Unit with 31 full-time and 1 part-time employees; and the Library Unit with 2 full-time and 8 part-time employees.

#### Agreement with Firefighters Union

The Council also approved a letter of agreement with International Association of Firefighters (IAFF) Local 423, which represents three lieutenants and fifteen full-time firefighter/paramedics in the Two Rivers Fire Department.

The firefighters' current contract expires on December 31, 2009. While the Union has reserved the right to negotiate a successor to that agreement, its membership on November 30 agreed to freeze their wages for 2010 and endorse the health network change proposed by the City. Those two issues will be "off the table" in upcoming negotiations for a new 2010 contract. Those negotiations will address only non-economic issues.

Under the letter of agreement, the fire union will receive a "no layoff" guarantee from the City for 2010. No additional benefits are being provided to the firefighters under the letter of agreement.

Fire Chief Kevin Timm noted that, throughout his discussions with the IAFF leadership, the Union expressed an understanding of the City's budget situation, and "wanted to do the right thing" with regard to the wage freeze and insurance network change.

#### Police Union Also Approves Health Network Change

While not an action item at Tuesday night's meeting, Police Chief Joe Collins and City Manager Greg Buckley also reported that the Two Rivers Police Association has agreed to the proposed health network change, with "no strings attached."

Such agreement was important to the insurance network change, as all City employees had to be included in the network change in order for it to take effect.

2009 and possible 2010 wage increases for the Police unit were the subject of an October arbitration hearing. The results of that arbitration are expected in January or February. The union filed for arbitration in mid-2009, seeking three percent raises for both 2009 and 2010. The City in turn proposed a 3 percent wage increase for 2009 only, stating that 2010 economic conditions did not justify such an increase.

The status of any wage increase for City police officers is undetermined at this time.

### City Manager Praises Cooperation

City Manager Greg Buckley expressed appreciation for the “spirit of cooperation” shown by both the unions and management in arriving at these agreements.

“We sat down with representatives of our employee unions in early October, to candidly address the City’s 2010 budget challenges, and to seek their cooperation in meeting those challenges. Over the ensuing two months, we have engaged actively with the leadership of these employee organizations, exploring ways to contain costs with the least possible adverse impact on community services and without employee layoffs. I think that we have largely succeeded in this effort.”

Buckley added that, while he has emphasized how personnel costs make up 82 percent of the City’s operating budget, “We have to remember that our employees are integral to 100 percent of the services that we provide to this community.”

The City Manager also highlighted the role of labor and management in limiting growth in health insurance premiums. “As the result of labor-management cooperation, and the resources provided by our health insurance provider, the Wisconsin Counties Association Group Health Trust, health premiums have increased by a total of 16.6 percent over the past 6 years. That’s an average of less than three percent per year. While health insurance is still breathtakingly expensive, that’s an impressive track record on cost containment.”

Buckley praised the City’s non-union employees, for “leading by example.”

“Our management team had its wages frozen in 2009, and will experience the same in 2010. Nobody had to impose those freezes on our department managers—the freezes were built into the proposed budgets as initially presented to the City Council.”

“Non-union employees in non-management positions received a lesser increase in 2009 than their union counterparts, and knew back in August that their wages would be frozen in 2010.”

The City Manager predicted that the City’s full-time workforce—which at 120 employees is down by 20 since 2003—will continue to shrink in 2010 and future years. “We will continue to carefully assess every attrition opportunity, and are counting on 3-4 position vacancies due to retirements over the course of 2010 to meet our overall budget goal. 2011 will probably be even more challenging than 2010, and we need to lay the groundwork for additional cost savings now.”

### Budget Hearing is Monday, December 7

At \$9.7 million, Two Rivers’ proposed 2010 General Fund budget is only about 8 percent higher than it was a decade ago, and down one percent from 2009. Still, operating deficits over the past decade have significantly reduced the City’s General Fund balance.

Discussions during the 2010 budget process have addressed the need to rebuild reserves to meet annual cash flow needs and to fund unforeseen emergencies.

The 2010 Budget includes a proposed City tax rate increase of 4 percent, which will yield \$165,491 in additional revenue.

Of that amount, \$111,604 will be needed to cover an increase in debt service, for capital projects completed in recent years. Taxes levied in support of General Fund operations are proposed to increase by \$63,887, while the Library levy will decline by \$10,000.

A 4 percent increase in the City share of the tax bill amounts to \$35.18 for the owner of a property assessed at \$100,000 (approximately \$118,000 market value).

The public hearing on Two River's 2010 City Budget will be held on Monday, December 7 at 6:00 PM, at the start of the regular City Council meeting. Copies of the budget can be reviewed at the City's Finance Department or the Lester Public Library, or on-line at [www.two-rivers.org](http://www.two-rivers.org).