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# *Town of Natick*

**Reconsideration of Articles 1 and 5  
2010 Fall Annual Town Meeting**

Martha White, Town Administrator  
November 12, 2010

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*PRELIMINARY - SUBJECT TO CHANGE*

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### **Background:**

Articles 1 and 5 of the 2010 Fall Annual Town Meeting have been asked to be reconsidered for one primary reason: the recent settlement of various collective bargaining agreements between employee unions and associations and the Town of Natick. All of the 17 unions and associations on both the education and general government sides of Town government have been without a contract since the beginning of the fiscal/school year. At the beginning of Town Meeting, only one union had ratified a contract. Given that good progress was underway with several other unions, it made sense to present all settled contracts at one time rather than redoing motions and making multiple requests of Town Meeting to fund, appropriate or otherwise provide for the terms and conditions of the contracts.

### **Philosophy of Contract Settlements:**

Working together, school and municipal administrations approached the process of collective bargaining with a set of shared goals: execute contracts on the same cycle, reduce the Town's overall health care costs and try wherever possible to produce collective bargaining agreements which contain salary and benefit structures that would be sustainable in future years. Of these goals, the most significant is the shift of active and retired employees over to a different (and hopefully more sustainable) health care model.

Over the last decade, health care costs have risen dramatically nationwide. Natick has not been immune to those increases: The cost of employee benefits has grown from \$4,893,028 in FY 2000 to \$12,964,453 in FY 2009 - an increase of 265%; this dramatic increase is driven almost entirely by the increase in health insurance. By way of comparison, during that same time period, the overall Town budget has grown 51.8%. This cost growth is clearly unsustainable as it continues to consume resources needed to provide other valued services to Natick taxpayers.

Town Administration analyzed five potential health care alternatives before entering into contract negotiations with collective bargaining groups: Joining the State's Health Insurance Plan (Group Insurance Commission or GIC); joining another consortium of communities for "bulk purchase" of our insurance; purchase insurance as a single community; keep our existing consortium and simply raise co-pays; or keep our existing consortium and change health care plans to a cheaper alternative (the "Rate Saver" HMO plans). Of these five alternatives, the Rate Saver plans were determined to provide the best cost savings while maintaining a high-quality of care and benefits for our employees as well as retaining a reasonable level of local control over our health care offerings.

To that end, contract settlements that have been achieved to date move employees over to Rate Saver HMO plans. Rate Saver HMO plans are offered by the Town's health insurance consortium - the West Suburban Health Group - as an alternative to the current HMO plans. These plans are less expensive than the current HMOs - for both the employees and the Town. The employees save money by having lower premiums, but must be more selective in the care they choose in that they have higher co-pays for doctor's visits, prescription drugs and other services.

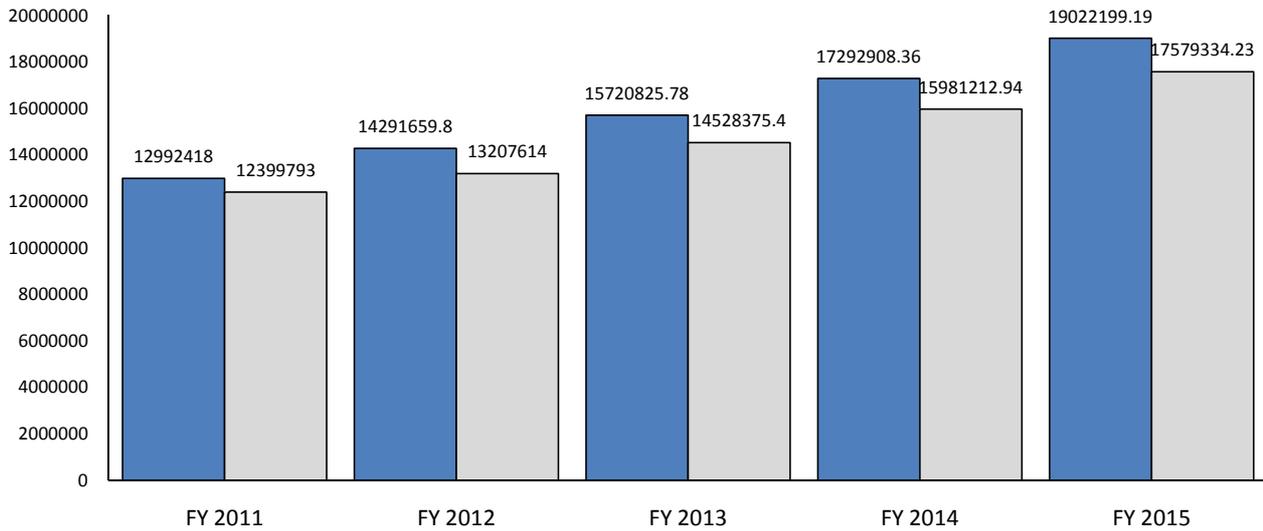
The projected 5-year difference in costs between current and Rate Saver plans is shown on the next page.

## Reconsideration of Articles 1 and 5

PRELIMINARY - SUBJECT TO CHANGE

Cost Difference Current HMOs vs. Rate-Savers HMOs - FY 2011 - 2015\*

General Fund Health Costs ONLY



	<u>FY 2011</u>	<u>FY 2012</u>	<u>FY 2013</u>	<u>FY 2014</u>	<u>FY 2015</u>
Current Traditional HMO's	\$ 12,992,418	\$ 14,291,660	\$ 15,720,826	\$ 17,292,908	\$ 19,022,199
Rate Saver HMO's	\$ 12,399,793	\$ 13,207,614	\$ 14,528,375	\$ 15,981,213	\$ 17,579,334
<b>Difference</b>	<b>\$ 592,625</b>	<b>\$ 1,084,046</b>	<b>\$ 1,192,450</b>	<b>\$ 1,311,695</b>	<b>\$ 1,442,865</b>

\*Assumes 10% cost increases in both Traditional (current) HMO and Rate Saver HMO plans.

### Contract Settlements for FY 2011 (e.g. what is being requested for action under Articles 1 and 5)

The anticipated savings in FY 2011 - \$592,625 - is proposed to be utilized toward the negotiated settlements of union contracts. The combined effect of the savings achieved with the new health care plans and the modest cost-of-living increases have enabled the Town to fund the FY 2011 contract terms entirely from available funds. Further, in FY 2012 the projected difference in cost between the current HMOs and Rate Saver HMOs will be factored in to the budget and will reduce the potential FY 2012 budget deficit by over \$1,000,000.

Please find several items attached to this synopsis:

- Draft Motion B for Article 1
- Draft Motions A thru I for Article 5

**PLEASE NOTE:** that negotiations with a small number of unions continue and may yet be resolved in advance of Tuesday's Finance Committee Hearing and Town Meeting. As a result, all numbers and projected motions are subject to change and additional settlement requests maybe included which are not part of this package. Information will be distributed as soon as it is legally possible.

**Proposed Motion under Article 1**

**PRELIMINARY - SUBJECT TO CHANGE**

**Motion B :** (Requires majority vote)

Move that the Town vote to appropriate the sum of \$377,062 in addition to the sum appropriated by vote of the 2010 Spring Annual Town Meeting under Article 2, Motion A, Natick Public Schools, and that to meet this appropriation the sum of \$377,062 be transferred from the appropriation voted by the Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.

**Budget Impacts - FY 2011 Budget**

**PRELIMINARY - SUBJECT TO CHANGE**

The table below is for informational purposes ONLY and is not part of the proposed Motion B of Article 1.

Budget Section	Original Budget <u>A</u>	Amount to be added <u>B</u>	Revised Budget <u>C (A+B)</u>
<b>General Fund</b>			
Natick Public Schools*	\$ 44,005,754	\$ 377,062	\$ 44,382,816
EAN		\$ 293,823	
Custodians and Maintenance (1116)		\$ 23,977	
Education Support		\$ 24,746	
Non-Represented**		\$ 34,516	
Shared Expenses	\$ 15,282,089	\$ (377,062)	\$ 14,905,027
Employee Fringe - Other Personnel Services		\$ (377,062)	
<b>General Fund Impacts</b>	<b>\$ 59,287,843</b>	<b>\$ -</b>	<b>\$ 59,287,843</b>

\*Reflects total appropriations - salaries and expenses. For all other departments, only salary appropriations shown.

\*\*Excludes contract settlements for positions funded through grants and revolving funds.

## Proposed Motions under Article 5

*PRELIMINARY - SUBJECT TO CHANGE*

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**Motion A :** (Requires majority vote)

Move that the Town vote to appropriate the sum of \$11,529 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and the Public Employees Local Union 1116 of the Laborers International Union of North America – Clerical Unit, and that to meet this appropriation the following sums be transferred from the following sources:

\$10,611 from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.

\$918 from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion H1, Fringe Benefits - Other Personnel Services.

Said funds to be added to departmental budgets as shown in the table attached hereto and incorporated by reference.

**Motion B :** (Requires majority vote)

Move that the Town vote to appropriate the sum of \$29,857 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and the Public Employees Local Union 1116 of the Laborers International Union of North America – Public Works Laborers Unit, and that to meet this appropriation the following sums be transferred from the following sources:

\$19,790 from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.

\$10,067 from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion H1, Fringe Benefits - Other Personnel Services.

Said funds to be added to departmental budgets as shown in the table attached hereto and incorporated by reference.

**Motion C :** (Requires majority vote)

Move that the Town vote to appropriate the sum of \$8,487 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and the Public Employees Local Union 1116 of the Laborers International Union of North America – Library Employees Unit, and that to meet this appropriation the sum of \$8,487 be transferred from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.

Said funds to be added to departmental budgets as shown in the table attached hereto and incorporated by reference.

## **Proposed Motions under Article 5**

*PRELIMINARY - SUBJECT TO CHANGE*

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**Motion D :** (Requires majority vote)

**Move that the Town vote to appropriate the sum of \$21,121 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and the Supervisors and Administrators Association, and that to meet this appropriation the the following sums be transferred from the following sources:**

**\$13,111 from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.**

**\$8,010 from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion H1, Fringe Benefits - Other Personnel Services.**

**Said funds to be added to departmental budgets as shown in the table attached hereto and incorporated by reference.**

**Motion E:** (Requires majority vote)

**Move that the Town vote to appropriate the sum of \$4,384 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and the New England Police Benevolent Association, Dispatchers, Local 182, and that to meet this appropriation the sum of \$4,384 be transferred from the appropriation voted by the 2010 Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.**

**Said funds to be added to departmental budgets as shown in the table attached hereto and incorporated by reference.**

## Budget Impacts - FY 2011 - Motions A thru E

PRELIMINARY - SUBJECT TO CHANGE

Budget Section	Original Budget <b>A</b>	Amount to be added <b>B</b>	Revised Budget <b>C (A+B)</b>
<b>General Fund</b>			
Morse Institute*	\$ 1,728,070	\$ 8,487	\$ 1,736,557
Library (1116)		\$ 8,487	
Police	\$ 5,475,168	\$ 5,621	\$ 5,480,789
Clerical (1116)		\$ 1,237	
Dispatchers		\$ 4,384	
DPW			
Administration	\$ 172,173	\$ 475	\$ 172,649
Clerical (1116)		\$ 475	
Building Maintenance	\$ 384,676	\$ 3,942	\$ 388,618
Supervisors & Administrators		\$ 1,367	
Laborers (1116)		\$ 2,575	
Engineering	\$ 355,418	\$ 8,579	\$ 363,997
Supervisors & Administrators		\$ 7,644	
Laborers (1116)		\$ 936	
Equipment Maintenance	\$ 494,280	\$ 5,085	\$ 499,365
Supervisors & Administrators		\$ 1,367	
Laborers (1116)		\$ 3,718	
Highway	\$ 1,235,684	\$ 11,119	\$ 1,246,803
Supervisors & Administrators		\$ 1,367	
Laborers (1116)		\$ 9,752	
L,F, NR	\$ 435,097	\$ 4,176	\$ 439,273
Supervisors & Administrators		\$ 1,367	
Laborers (1116)		\$ 2,809	
Council on Aging	\$ 235,276	\$ 408	\$ 235,684
Clerical (1116)		\$ 408	
Veterans Services	\$ 109,283	\$ 473	\$ 109,756
Clerical (1116)		\$ 473	
Board of Health	\$ 335,679	\$ 755	\$ 336,434
Clerical (1116)		\$ 755	
Recreation	\$ 479,459	\$ 1,120	\$ 480,579
Clerical (1116)		\$ 1,120	
Comptroller	\$ 286,288	\$ 615	\$ 286,903
Clerical (1116)		\$ 615	
Assessors	\$ 273,293	\$ 672	\$ 273,965
Clerical (1116)		\$ 672	

Collector	\$ 186,288	\$ 444	\$ 186,732
Clerical (1116)		\$ 444	
Treasurer	\$ 144,480	\$ 858	\$ 145,338
Clerical (1116)		\$ 858	
Town Clerk	\$ 192,991	\$ 1,270	\$ 194,261
Clerical (1116)		\$ 1,270	
Community Development	\$ 601,910	\$ 1,362	\$ 603,272
Clerical (1116)		\$ 1,362	

*\*Reflects total appropriations - salaries and expenses. For all other departments, only salary appropriations shown.*

## Budget Impacts - FY 2011 - Motions A thru E

**PRELIMINARY - SUBJECT TO CHANGE**

Budget Section	Original Budget <u>A</u>	Amount to be added <u>B</u>	Revised Budget <u>C (A+B)</u>
Shared Expenses	\$ 15,282,089	\$ (55,462)	\$ 15,226,627
Employee Fringe - Other Personnel Services		\$ (55,462)	

<b>General Fund Impacts</b>	<b>\$ 28,407,602</b>	<b>\$ 0</b>	<b>\$ 28,407,602</b>
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### Water & Sewer Enterprise Fund

Sanitary Sewer	\$ 642,476	\$ 8,715	\$ 651,191
Supervisors & Administrators		\$ 4,607	
Laborers (1116)		\$ 4,108	
Water	\$ 934,860	\$ 9,363	\$ 944,223
Supervisors & Administrators		\$ 3,403	
Laborers (1116)		\$ 5,960	
Utility Billing	\$ 100,948	\$ 918	\$ 101,866
Clerical (1116)		\$ 918	
Fringe Benefits	\$ 456,942	\$ (18,995)	\$ 437,947
Other Personnel Services		\$ (18,995)	

<b>Water/Sewer Fund Impacts</b>	<b>\$ 2,135,226</b>	<b>\$ -</b>	<b>\$ 2,135,226</b>
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