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# *Town of Natick*

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

Martha White, Town Administrator  
November 16, 2010

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## Reconsideration of Articles 1 and 5

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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.

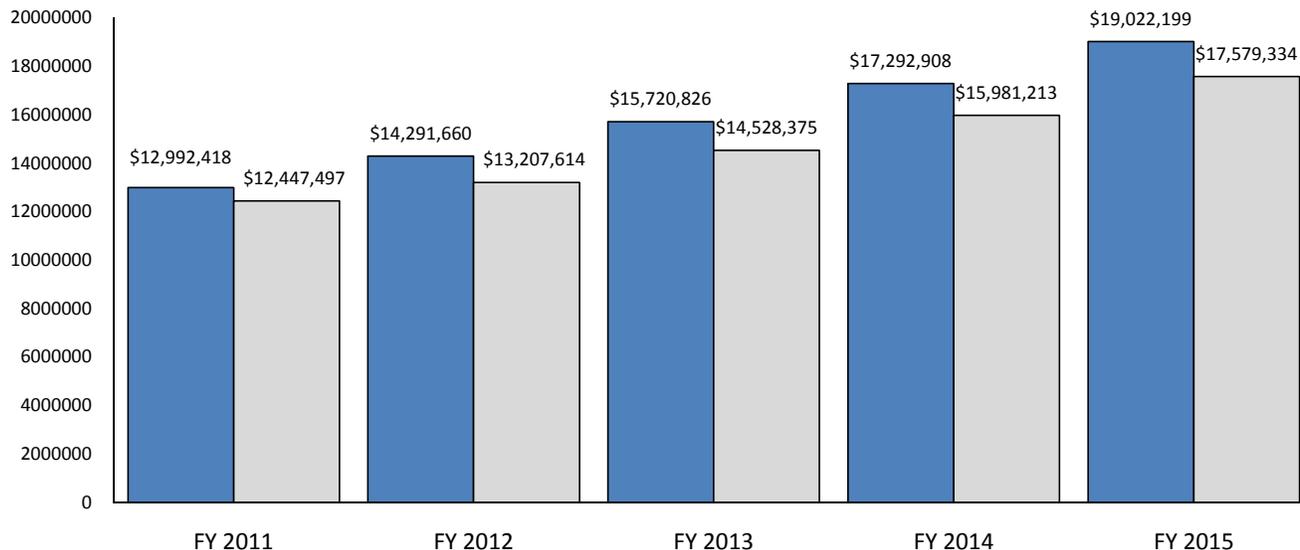
To that end, contract settlements that have been achieved to date move employees over to Rate Saver HMO plans. Rate Saver HMO plans are offered by the Town's health insurance consortium - the West Suburban Health Group - as an alternative to the current HMO plans. These plans are less expensive than 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

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 H for Article 5

## Proposed Motion under Article 1

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**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 2010 Spring Annual Town Meeting under Article 2, Motion G, Shared Expenses (Unclassified) – Employee Fringe - Other Personnel Services.

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## Budget Impacts - FY 2011 Budget

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

Budget Section	Original Budget A	Amount to be added B	Revised Budget C (A+B)
<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

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

Move that the Town vote to appropriate the sum of \$11,528 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:

\$10,610 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.

**Motion A - Budget Changes** **Amount to be added**

### General Fund

Police Salaries	\$ 1,237
Fire Salaries	\$ 921
DPW Administration Salaries	\$ 475
Council on Aging Salaries	\$ 408
Veterans Services Salaries	\$ 473
Board of Health Salaries	\$ 755
Recreation Salaries	\$ 1,120
Comptroller Salaries	\$ 615
Assessors Salaries	\$ 672
Collector Salaries	\$ 444
Treasurer Salaries	\$ 858
Town Clerk Salaries	\$ 1,270
Community Development Salaries	\$ 1,362

**General Fund Impacts** **\$ 10,610**

### Water & Sewer Enterprise Fund

Utility Billing Salaries \$ 918

**Water/Sewer Fund Impacts** **\$ 918**

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## Proposed Motions under Article 5

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### Motion B: (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.

Motion B - Budget Changes	Amount to be added
<b>General Fund</b>	
Morse Institute Salaries & Expenses	\$ 8,487
<b>General Fund Impacts</b>	<b>\$ 8,487</b>

### Motion C: (Requires majority vote)

Move that the Town vote to appropriate the sum of \$21,122 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 following sums be transferred from the following sources:

\$13,112 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.

Motion C - Budget Changes	Amount to be added
<b>General Fund</b>	
DPW Building Maintenance Salaries	\$ 1,367
DPW Engineering Salaries	\$ 7,644
DPW Equipment Maintenance	\$ 1,367
DPW Highway Salaries	\$ 1,367
DPW Land, Facilities & Natural Resources Salaries	\$ 1,367
<b>General Fund Impacts</b>	<b>\$ 13,112</b>
<b>Water &amp; Sewer Enterprise Fund</b>	
Sanitary Sewer Salaries	\$ 4,607
Water Salaries	\$ 3,403
<b>Water/Sewer Fund Impacts</b>	<b>\$ 8,010</b>

## Proposed Motions under Article 5

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### Motion D: (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.

Motion D - Budget Changes	Amount to be added
<b>General Fund</b>	
Police Salaries	\$ 4,384
<b>General Fund Impacts</b>	<b>\$ 4,384</b>

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### Motion E: (Requires majority vote)

Move that the Town vote to appropriate the sum of \$2,227 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 – Recreation Employees Unit, and that to meet this appropriation the sum of \$2,227 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.

Motion E - Budget Changes	Amount to be added
<b>General Fund</b>	
Recreation Salaries	\$ 2,227
<b>General Fund Impacts</b>	<b>\$ 2,227</b>

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### Motion F: (Requires majority vote)

Move that the Town vote to appropriate the sum of \$21,775 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and the New England Police Benevolent Association, AFL-CIO, Local 82, and that to meet this appropriation the sum of \$21,775 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.

Motion F - Budget Changes	Amount to be added
<b>General Fund</b>	
Police Salaries	\$ 21,775
<b>General Fund Impacts</b>	<b>\$ 21,775</b>

## Proposed Motions under Article 5

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### Motion G: (Requires majority vote)

Move that the Town vote to appropriate the sum of \$67,987 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and Local 1707 International Association of Firefighters, and that to meet this appropriation the sum of \$67,987 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.

Motion G - Budget Changes	Amount to be added
<b>General Fund</b>	
Fire Salaries	\$ 67,987
<b>General Fund Impacts</b>	<b>\$ 67,987</b>

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### Motion H: (Requires majority vote)

Move that the Town vote to appropriate the sum of \$4,756 to implement the Fiscal Year 2011 terms of the agreement reached between the Town of Natick and Deputy Fire Chiefs Association, and that to meet this appropriation the sum of \$4,756 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.

Motion H - Budget Changes	Amount to be added
<b>General Fund</b>	
Fire Salaries	\$ 4,756
<b>General Fund Impacts</b>	<b>\$ 4,756</b>

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## Budget Impacts - FY 2011

The tables on the following pages are for **INFORMATIONAL PURPOSES ONLY**. They are designed to illustrate the total movement of funds from fringe benefits by bargaining unit to particular departments through actions to be taken under Articles 1 and 5.

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 Education Support Non-Represented**		\$ 23,977 \$ 24,746 \$ 34,516	
Morse Institute*	\$ 1,728,070	\$ 8,487	\$ 1,736,557
Library (1116)		\$ 8,487	
Police	\$ 5,475,168	\$ 27,396	\$ 5,502,564
Clerical (1116)		\$ 1,237	
Police Superiors		\$ 21,775	
Dispatchers		\$ 4,384	
Fire	\$ 6,559,765	\$ 73,664	\$ 6,633,429
Clerical (1116)		\$ 921	
Firefighters (1707)		\$ 67,987	
Deputies		\$ 4,756	
DPW			
Administration	\$ 172,173	\$ 475	\$ 172,649
Clerical (1116)		\$ 475	
Building Maintenance	\$ 384,676	\$ 1,367	\$ 386,042
Supervisors & Administrators		\$ 1,367	
Engineering	\$ 355,418	\$ 7,644	\$ 363,062
Supervisors & Administrators		\$ 7,644	
Equipment Maintenance	\$ 494,280	\$ 1,367	\$ 495,647
Supervisors & Administrators		\$ 1,367	
Highway	\$ 1,235,684	\$ 1,367	\$ 1,237,051
Supervisors & Administrators		\$ 1,367	
L,F, NR	\$ 435,097	\$ 1,367	\$ 436,464
Supervisors & Administrators		\$ 1,367	
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	

\*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.

## Budget Impacts - FY 2011

The tables on the following pages are for **INFORMATIONAL PURPOSES ONLY**. They are designed to illustrate the total movement of funds from fringe benefits by bargaining unit to particular departments through actions to be taken under Articles 1 and 5.

Budget Section	Original Budget <u>A</u>	Amount to be added <u>B</u>	Revised Budget <u>C (A+B)</u>
Recreation	\$ 479,459	\$ 3,347	\$ 482,806
Clerical (1116)		\$ 1,120	
Recreation (1116)		\$ 2,227	
Comptroller	\$ 286,288	\$ 615	\$ 286,903
Clerical (1116)		\$ 615	
Assessor's	\$ 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	
Shared Expenses	\$ 15,282,089	\$ (510,400)	\$ 14,771,689
Employee Fringe -		\$ (510,400)	

<b>General Fund Impacts</b>	<b>\$ 78,973,121</b>	<b>\$ (0)</b>	<b>\$ 78,973,121</b>
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### Water & Sewer Enterprise Fund

Sanitary Sewer	\$ 642,476	\$ 4,607	\$ 647,083
Supervisors & Administrators		\$ 4,607	
Water	\$ 934,860	\$ 3,403	\$ 938,263
Supervisors & Administrators		\$ 3,403	
Utility Billing	\$ 100,948	\$ 918	\$ 101,866
Clerical (1116)		\$ 918	
Fringe Benefits	\$ 456,942	\$ (8,927)	\$ 448,014
Other Personnel		\$ (8,927)	

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