



Rebecca Grill
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December 27, 2017

Honorable Mayor Dan Devine
and Members of the Common Council
7525 W. Greenfield Avenue
West Allis, WI 53214

Re: Communication from West Allis Fire Fighters Local 1004 regarding retiree health insurance alternatives for members

Mayor Devine and Common Council Members:

Attached to this file please find a communication from the West Allis Fire Fighters Local 1004 regarding retiree health insurance alternatives for members. You are receiving this information at the request of Local 1004.

Discussion regarding this communication is scheduled for the January 8, 2018 Administration and Finance Committee meeting.

Please let me know if you have any questions.

Sincerely,

Rebecca N. Grill
City Administrator

RNG:jfw

Attachment

cc: Mark Sura
Chief Pooler
Sheryl Kuhary
Jane Barwick
Peggy Steeno

ADM\ORDRES\2018\MCC.L

L1004 2017 Bargaining Counter Proposal

Concept: No retiree health insurance provided by the City of West Allis for new hires beginning after 1/1/18.

City would instead contribute up to \$4500 to the WRS accounts of those employees as an additional contribution so that those funds could be utilized by the employee at the time of their retirement for health insurance premium costs until their reach Medicare age. Employees would have the option to remain in City group plan upon retirement but would pay 100% of the premium share. Current employees would also have the option to opt in to the program. Contribution amount can be negotiated through normal bargaining.

Current Local Floor Staffing

90

Current Admin Staffing

9

TOTAL STAFFING: 99

WHOLE STAFFING: 106

DIFFERENCE: 7

POSSIBLE RETIREES/DEPARTURES IN 2018, 2019, 2020

13

2018 HIRING (PROJECTED)

9

Remaining Hires through 2018, 2019 and 2020 to Bring Total to 106

11

Working off of 20 new hires in 2018, 2019, and 2020 and using the annuity/additional contribution number of \$4500

(Current Healthcare Cost)

Current Model 20 New Hires

Retirement at 53, 12 years until Medicare, \$1300/month for retirement insurance costs paid by employer = 187,200/employee

\$187,200 x 20 new hires = **\$3,744,000**

Proposed Model 20 New Hires

30 year average career, \$4500 annuity paid by employer = \$135,000/employee

\$135,000 x 20 new hires=**\$2,700,000**

Proposed model for 20 new hires saves **\$1,044,000**

Possible Retirements after 2020-Close to the end of next Contract-Brings Number Up to 25

Current Model 25 New Hires

Retirement at 53, 12 years until Medicare, \$1300/month for retirement insurance costs paid by employer = 187,200/employee

\$187,200 X 25 new hires = **\$4,680,000**

Proposed Model 25 New Hires

30 year career, \$4500 annuity paid by employer= \$135,000/employee

\$135,000 x 25 new hires=**\$3,375,000**

Proposed model for 25 new hires saves **\$1,305,000**

If current employees are allowed to opt into the program/Total of 40 members in program

Cost Savings = **2,088,000**

This is just in retiree health insurance costs and does **NOT** include:

Initial salaries

What the city pays once an individual reaches Medicare age

Contribution is approx. 28%

City makes additional contribution after 1 year of service and before December 31st.

20 new hires cost per year = **90,000**

25 new hires cost per year = **112,500**

If current employees are allowed to opt into the program cost (Approx 40 employees) = **180,000**

In a nutshell, we propose a \$4500 yearly additional contribution into the Wisconsin ETF for each new employee to be made by the employer and then new employees would get 0% employer paid health insurance at retirement. Current employees could opt into the program. Contribution amount can be negotiated if desired during bargaining.