



2019 CGMC Fall Conference

CGMC

Labor & Employee Relations Committee

Update

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Agenda

- Settlement and Arbitration Data
- Economy
- Legal Updates



Settlement and Arbitration Data



Settlement Data - Wages

Police	Avg.	0%	0.01% - 0.99%	1.00% - 1.99%	2.00% - 2.99%	3.00+
2019	2.67%					
# of responses	81	0	0	2	49	30
% of total responses		0.00%	0.00%	2.47%	60.49%	37.04%
2020	2.89%					
# of responses	52	0	0	0	21	31
% of total responses		0.00%	0.00%	0.00%	40.38%	59.62%
2021	2.94%					
# of responses	17	0	0	0	7	10
% of total responses		0.00%	0.00%	0.00%	41.18%	58.82%



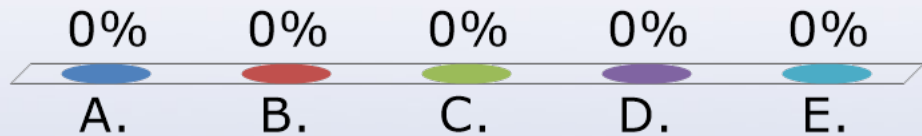
Response Instructions

- If your screen reads: "Not Accepting Answers!" → **You're good!**
- If your screen reads: "Current Channel 41 – New Channel #?" → **You're also good!**
- Any other channel number → **Key in "41" and press enter!**
- Tips:
 - Your clicker will turn off between answers. This is normal!
 - Your clicker will tell you once your answer is accepted
 - You can change your answer after you've entered it
- Have fun!



What general wage increases have you agreed to or will provide in 2020?

- A. 0 – 0.99%
- B. 1.00% - 1.99%
- C. 2.00% - 2.50%
- D. 2.51% - 2.99%
- E. 3.00%+

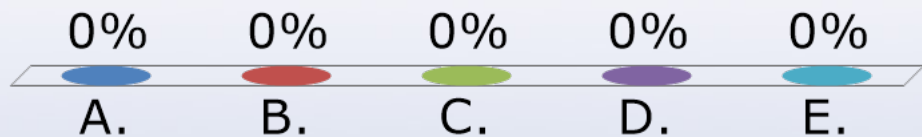


**Response
Counter**



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- D. 2.51% - 2.99%
- E. 3.00%+



**Response
Counter**



Settlement Data - Insurance

HEALTH INSURANCE (HIGHEST COST PLAN) AVERAGES 2019-2020

	City Contribution				Employee Contribution				HRA/HAS/VEBA	
	Single		Family		Single		Family		Single	Family
	%	\$	%	\$	%	\$	%	\$	\$	\$
2019	85.50	673.31	78.30	1,444.15	10.80	96.01	21.82	380.52	1,872.66	3,623.75
Sample Size	27	23	25	23	27	16	25	16	11	11
2020	90.45	808.21	80.50	1,471.36	10.45	106.37	18.50	322.60	1,516.00	2,852.00
Sample Size	11	7	10	7	11	4	10	4	5	5



How much did your city's group health insurance premiums increase in 2020?

- A. 0-2.99%
- B. 3.00%-5.99%
- C. 6.00%-9.99%
- D. 10.00+%



**Response
Counter**



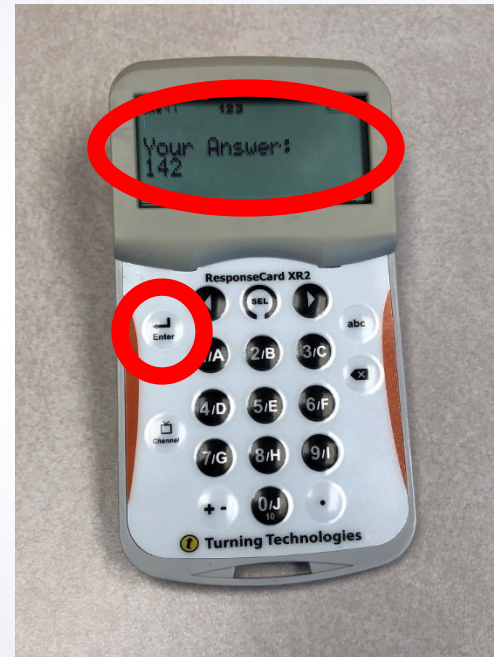
Contract Negotiation Issues

- Union proposals
 - More market adjustments to wages
 - Increasing uniform allowance due to cost increases
 - Increasing compensatory time off accumulations and ability to cash out
 - More progressive and liberal time off (e.g., floaters)
 - Higher pay for holiday work



Instructions – Ranking options

- 4 options will appear on the next slide
- We are asking you to select all that apply
- For example: If I wanted to choose 1, 2 and 4 I could enter 142 (the order doesn't matter)
- Hit enter



Instructions – Ranking options

- When the check mark appears next to your answer: It worked!



Will you be proposing substantive changes to the following in negotiations or for nonunion employees? (Choose all that apply)

1. Language
2. Economic benefits
3. Non-economic benefits (e.g. leaves)
4. Pay structure



Response
Counter



Award Summary – All Minnesota Local Gov't Law Enforcement

CBA Year	# of Awards	Union Position (Avg.)	City Position (Avg.)	Arbitrator Award	
				Avg.	Range
2019	12	2.40%	1.65%	1.98%	0.00%-3.00%
2020	5	2.75%	2.45%	2.70%	2.25% - 3.00%
2021	1	2.00%	2.00%	2.00%	2.00%-2.00%



Economy



Economy: 2019

- Outlook weakened
 - Forecast growth of 2.3%
 - Down from 2.4% projected back in February 2019
- Employment
 - Unemployment declined 0.2% points to 3.5% (September)
 - Lowest unemployment rate since December 1969
 - 0.2% points lower than one year prior
 - Decelerating job growth



Economy: 2019

- Federal Open Market Committee (FOMC)
 - Lowered interest rates
 - By .25% points to a range of 2% to 2.25% in July
 - By .25% points to a range of 1.75 to 2% in September
 - Despite indications that the base outlook for the economy is solid, as evidenced by strong labor markets and firming inflation, the rate cuts provide additional insurance against downside risks from tariffs and slowing global growth



Economy: 2020+

- Decelerating growth
 - 2020: 2.0%
 - 2021: 2.0%
 - Higher than projected due to a stronger forecast for consumer spending, which is in turn driven by a higher expected income growth
 - 2022: 1.7%
 - 2023: 1.4%
 - 55% probability
- Employment
 - Current unemployment rate is cyclical low, and
 - Forecasts to begin drifting up in late 2021



Economy: 2020+

- FOMC
 - One additional rate cut in December
 - Rates increase beginning in late 2020 and continuing into 2021
 - Keep pace with expected rising inflation



Economy: 2020+

- 55% probability of
 - GDP growth (prior slide)
- 35% probability of
 - Broad-based loss of confidence and risk aversion trigger a three-quarter recession starting in the third quarter of 2020
- 10% probability of
 - Productivity improvements boost incomes and, consequently, consumer spending
 - Assumes unemployment can fall to a lower level before it exerts inflationary pressure, keeping consumer price inflation lower than in the baseline



CPI

- Consumer Price Index (CPI) (i.e., change in prices)
 - Projected inflation based on CPI
 - 2019: + 2.0%
 - 2020: + 2.1%
 - 2021: + 2.3%
 - 2022: + 2.4%
 - 2023: + 2.4%

Budget & Economic Forecast, February 2019, MMB



Cities' Fiscal Conditions

City Fiscal Conditions 2019, National League of Cities

- Economy
 - 2/3 of city finance officers predict a recession as soon as 2020
 - Weakening major economic indicators, including in manufacturing, agriculture and service sectors, home sales and business sentiment
 - U.S.'s trade disputes with China, Canada, Mexico and the European Union have added more uncertainty to the future
- Revenues
 - For the first time in seven years, cities anticipate a decline in revenue for FY2019
 - Decelerating growth in revenues for general funds and income tax and property tax
 - Slight increase in sales tax revenue growth



Cities' Fiscal Conditions

- Expenditures
 - Climbing, increasing by 1.8% in FY2018
 - Slightly lower than the prior three years
 - Officials also expect it to climb again to 2.3% for FY2019
 - Infrastructure needs, public safety spending and pension costs are among the most significant expenditures.
- Midwest
 - Declining fiscal conditions sharpest
 - Overall general fund revenues in cities declined by 4.4%
 - Much driven by large revenue drops in big cities
 - Minneapolis dropped by 9.6%



Cities' Fiscal Conditions

- Fiscal Projections
 - Constrained
 - Tested by looming economic headwinds, largely driven by trade
 - Cost of healthcare and pensions rising faster than inflation
 - State policies impede local fiscal autonomy



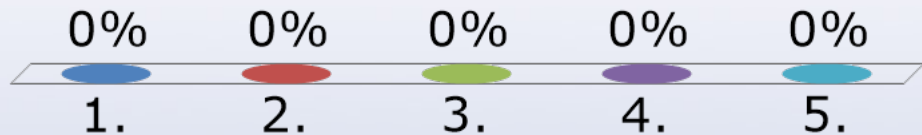
State and Local Gov't Workforce

- Positions hard time filling
 - Policing
 - Engineering
 - Maintenance work/labor
 - Skilled Trades
 - IT: Network Administration



Do you have difficulty recruiting and/or retaining the following positions?

1. Patrol Officers
2. Engineer-related positions
3. Building inspectors and officials
4. Skilled positions requiring certifications (e.g. water and wastewater operators)
5. Laborers



**Response
Counter**



Legal Updates



New Overtime Rule (U.S.)

- Effective Jan. 1, 2020
- Make over 1 million more American workers eligible for overtime pay
- Salaried, non-Fair Labor Standards Act exempt employees must be paid overtime at a rate of 1.5 times regular rate of pay for hours worked over 40/week or public safety employee threshold if salary:
 - Current: below \$455 per week (equivalent to \$23,660 annually for FT employee)
 - New: below \$684 per week (equivalent to \$35,568 annually for FT employee)



5 Trending Employment Issues

- Offensive off-duty electronic messages
 - Pictures of private parts
 - Pictures of others' private parts
 - Statements about private parts of individuals and generally
 - Soliciting outings and relationships
- Angry utility employees
 - Bad attitudes
 - Failure to interact professionally and respectfully
 - Blow-ups over conflict
- Push for better leave benefits
 - More progressive accruals
 - More flexibility in using
 - More compensatory time off accruals



5 Trending Employment Issues

- Individual elected official active management of City administration
 - Directing work or focus of City employees
 - Discussion of private data and “serial” discussions involving more than a quorum
 - Directly interacting with vendors
- Public safety duty disability benefits
 - Getting PERA benefit pre-retirement with City paid for and provided health coverage
 - Especially with PTSD



5 Trending Employment Issues

- Actions to address
 - Administration and HR lead for entire city
 - Clear policies
 - Training for employees, supervisors, and elected officials
 - Address each time there is a problem
 - Provide facilitators and coaches for problem employees and/or facilities/sections/divisions/departments
 - Utilize formal personnel or elected official actions



Questions?

