

--MEMORANDUM--

MEMO TO: City Council

FROM: Gregory E. Buckley  
City Manager



DATE: May 12, 2023

SUBJECT: Proposed Amendment of Personnel Policy Manual

Up until 2011-12, the City used to offer all employees who qualified for City health insurance coverage a post-retirement health insurance benefit. Generally speaking, that benefit provided for continued participation in the City's health insurance plan from retirement (as young as 50 for Police and Fire, 55 for other employees) to age 65, with continued City payment of the premium to the same extent applicable to active employees.

The post-retirement benefit extended not only to the employee, but also to family coverage. It ended upon the employee becoming eligible for Medicare.

As the cost of health insurance continued to skyrocket, the City eliminated this benefit for new hires. This was accomplished through the bargaining process for Police and Fire union employees and through an amendment to the Personnel Policy for non-union employees.

Employees who previously qualified for this benefit were "grandfathered" (i.e. continued to enjoy the benefit). This "grandfathering" was addressed in the bargaining agreements and the Personnel Manual. In addition, the City entered into individual letters of agreement with most of the "grandfathered" employees, which were placed in those employees' personnel files. Sample copies of such letters are attached.

The union contract language or Personnel Manual language referenced in such letters also allowed the employee to leave the City health insurance plan upon retirement and return to the plan at a later date. This could be done at only one time after retirement.

When the City's Personnel Manual was revised in 2022, the new language applicable to this "grandfathered" benefit did not address this right to leave the plan upon retirement and re-enroll at a later date. I am recommending that the language in the manual be modified to re-introduce such language.

The need for such an amendment was endorsed by the Personnel and Finance Committee at its April 12 meeting. Proposed language for this amendment is attached as 10-11 of the attached materials.


## Letter of Agreement

ORIGINAL

"This Agreement is made between the City of Two Rivers ("City"), the Wisconsin Professional Police Association (WPPA), and [REDACTED] Retiring Employee).

In consideration of the ratification of the 2011-12 collective bargaining agreement, the three parties to this Agreement agree as follows:

1. The employee shall be entitled, as an individual right, to the benefits conferred by Article IX, Section 5 of the 2010 collective bargaining agreement upon the employee's retirement, provided the employee has satisfied the qualifications for those benefits as specified in Article IX, Section 5 of the 2010 collective bargaining agreement.
2. The right to these benefits shall be considered a vested benefit belonging to the individual employee, and shall not be subjected to reduction or modification in negotiations, interest arbitration, or collective bargaining over future labor agreements.
3. The right to these benefits may only be modified by the voluntary, un-coerced agreement of the City, WPPA and the employee in writing, signed by the authorized representatives of the City, WPPA and by the individual personally.
4. Should any party seek to modify the benefits guaranteed in paragraph 1 without the voluntary agreement of the other party (parties), that party shall be liable for all costs, including attorneys' fees, incurred by the other party (parties) in defending the Agreement.
5. The parties agree to attach a copy of this agreement to the collective bargaining agreement, as an exhibit for informational purposes only. In attaching that agreement, the parties do not thereby indicate that these individual agreements have a limited term or are in any way subject to modification in the processes of collective bargaining."
6. This Memorandum of Agreement shall remain as an addendum to the collective bargaining agreement, and will not sunset upon the expiration of this Agreement.
7. The parties agree to maintain this Memorandum of Agreement, as stated here, as a part of this collective bargaining agreement, until such time as the parties mutually agree to modify or remove it.

  
On Behalf of the City of Two Rivers

  
On Behalf of the WPPA

[REDACTED]  
Employee

2-25-11

Sample Letter of  
Agreement, Police Union  
Employee

**5. Continued Health Insurance:**

**A. Post Retirement Benefits**

1. Effective September 5, 2000, employees shall be required to have served as of their retirement date, a minimum of fifteen (15) continuous years as a full-time sworn officer of the Two Rivers Police Department in order to qualify for any of the retiree insurance benefits as outlined in 3. below.

2. Employees retiring at age 50 or older may leave the city's insurance plan upon retirement and re-enroll in that plan at a later time prior to age 65, with partial City payment of premiums as described below for the duration of the employees post retirement insurance benefits. Provided, however, that an employee may re-enroll in this manner only one time.

3. Post-retirement insurance benefits for eligible employees are outlined below:

**Eligible employees who retire prior to July 1, 2005:**

Age	City Pays	Employee Pays
50-52	0	100%
53-54	75%	25%
55-Up to age 65	95%	5%

**Eligible employees who retire subsequent to July 1, 2005 and prior to January 1, 2006:**

Age	City Pays	Employee Pays
50-52	0	100%
53-54	75%	25%
55-Up to age 65	92.5%	7.5%

**Eligible employees who retire on or subsequent to January 1, 2006:**

Age	City Pays	Employee Pays
50-52	0	100%

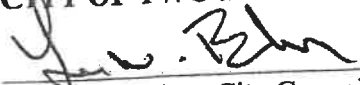
Police Contract  
Language Cited in  
Letter of Agreement

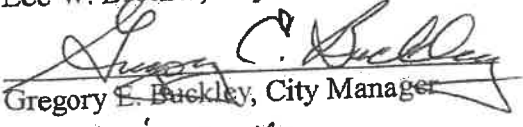
This Agreement is made between the City of Two Rivers and ('City'), the IAFF Local 423, and  
[REDACTED] Retiring Employee hired as a Full-Time Firefighter prior to January 1, 2011).

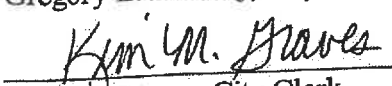
The parties to this Agreement agree as follows, in consideration of the ratification of the 2011-2013 collective bargaining agreement:

1. The employee shall be entitled, as an individual right, to the benefits conferred by Article 19(d)(f) of the 2011-2013 collective bargaining agreement upon the employee's retirement, provided the employee has satisfied the qualifications for those benefits as specified in Article 19(d)(f) of the 2011-2013 collective bargaining agreement.
2. The right to these benefits shall be considered a vested benefit belonging to the individual employee, and shall not be subjected to reduction or modification in negotiations, interest arbitration, or collective bargaining over future agreements.
3. The right to these benefits may only modified by the voluntary, uncoerced agreement of the City, Local 423, and the employee in writing, signed by the authorized representatives of the City, Local 423, and by the individual personally.
4. Should any party seek to modify the benefits guaranteed in paragraph 1 without the voluntary agreement of the party (parties), that party shall be liable for all costs, including attorney's fees, incurred by the other party (parties) in defending the Agreement.
5. The parties agree to attach a copy of this agreement to the collective bargaining agreement, as an exhibit for informational purposes only. In attaching that agreement, the parties do not hereby indicate that these individual agreements have a limited term or are in any way subject to modification in the processes of collective bargaining.
6. This Memorandum of Agreement shall remain as an addendum to the collective bargaining agreement, and will not sunset upon the expiration of this Agreement.
7. The parties agree to maintain this Memorandum of Agreement, as stated here, as part of this collective bargaining agreement, until such time as the parties mutually agree to modify or remove it."

**CITY OF TWO RIVERS**

  
Lee W. Brocher, City Council President

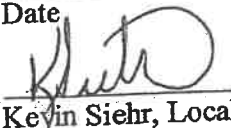
  
Gregory E. Buckley, City Manager

  
Kim M. Graves, City Clerk

6/27/2012  
Date

**EMPLOYEE**

  
6-27-12  
Date

  
Kevin Siehr, Local 423, I.A.F.F. Vice President

6-27-12  
Date

Sample Letter of Agreement,  
Fire Union Employee

spouses of retirees who were hired after January 1, 2011. Where a firefighter dies in the line of duty, the surviving spouse will be eligible for continued health insurance benefits until such time as he/she (a) remarries; (b) becomes eligible for Medicare; or (3) becomes eligible for other group health coverage which provides equivalent coverage at minimal cost to the Surviving Spouse. The surviving spouse of a firefighter who dies outside the line of duty will be eligible for a minimum of two years of group coverage, and will be eligible for one additional year of group coverage for each year (or portion of a year) of the firefighter's service in excess of two years, up to ten years of service. Where the deceased firefighter had more than ten years of service or is retired from the department, the benefit will be the same as if the firefighter had died in the line of duty. In any case, the eligibility ceases at such time as he/she (a) remarries; (b) becomes eligible for Medicare; or (3) becomes eligible for other group health insurance which provides equivalent coverage at minimal cost to the surviving spouse.

(e) **Worker's Compensation.** Any employee who is injured during the course of his/her City duties or suffers from illness caused by his work, becomes eligible for hospitalization, surgical and medical attention under the provisions of the Worker's Compensation Act of the State of Wisconsin.

Any job connected with injury must be reported immediately. In addition to payment provided in the Worker's Compensation Act, the City shall pay the difference between these checks and an employee's normal salary, said additional amount to be charged to the employee's sick leave balance, until it is exhausted.

(f) **Continued Health Insurance.** Any participating employee of the Group Hospital, Surgical, and Major Medical Plan may elect to continue to be covered as part of the Group under the rules of the plan until reaching the age of eligibility for Medicare. This benefit is designed to provide coverage for participating employees in the Wisconsin Retirement System who elect to retire and whose full retirement benefits, by State Statute, can begin at age 55.

Between the ages of 50 and 52 the retired employee will pay the entire cost of the premium. At age 53 until 55, the City will pay 75% of the cost. At age 55 until the expiration of the accrued post retirement health insurance coverage, the city will pay the current percentage at the time of retirement. Such coverage shall be at the option of the employee, providing proper notification is given sixty (60) calendar days in advance.

Employees retiring at age 50 or older may leave the city's insurance plan upon retirement and re-enroll in that plan at a later time prior to age 65, with partial City payment of premiums as described below for the duration of the employees post retirement insurance benefits. Provided, however, that an employee may re-enroll in this manner only one (1) time.

Post-retirement health insurance premium co-pays for eligible employees identified in (f)

Age	City Pays	Employee Pays
50-52	0	100%
53-54	75%	25%
55 - to duration of earned benefit period	90%; 87.5%, effective January 1, 2013	10%; 12.5%, effective January 1, 2013

Fire Contract Language  
Cited in Letter of Agreement

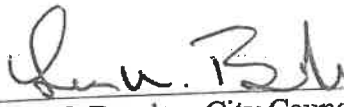
# Letter of Agreement

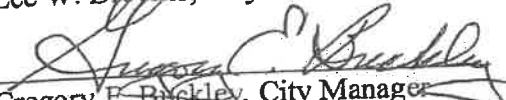
"This Agreement is made between the City of Two Rivers ("City") and [REDACTED] (A Full-Time, Non-Union Employee of the City of Two Rivers, as of the date indicated below), and was specifically authorized by action of the Two Rivers City Council on April 4, 2011.

The parties to this Agreement agree as follow:

1. The employee shall be entitled, as an individual right, to the benefits conferred by Chapter 9, Section 9.02(c) of the City of Two Rivers Personnel Policy Manual as currently in effect (copy attached hereto), upon the employee's retirement, provided the employee has satisfied the qualifications for those benefits as specified in Chapter 9 section 9.02(c)2.
2. Provided, however, that the respective Employer and Employee contribution percentages for health insurance premium (currently 90 percent Employer/10 percent Employee) related to this benefit will be those that are in effect for non-union employees on the date the employee's retirement becomes effective. Provided, further, that the Employer reserves the right to change health insurance carriers and to modify its health insurance plan structure and/or benefits as it sees fit.
3. The right to these benefits shall be considered a vested benefit belonging to the individual employee, and shall not be subjected to reduction or modification, except as provided in paragraph 2 above.
4. The right to these benefits may only be modified by the voluntary, un-coerced agreement of the City and the employee in writing, signed by the authorized representatives of the City and by the individual personally.
5. Should any party seek to modify the benefits guaranteed in paragraph 1 without the voluntary agreement of the other party, that party shall be liable for all costs, including attorney fees, incurred by the other party in defending the Agreement.
6. The parties agree to maintain this Memorandum of Agreement, as stated here, as a part of the employee's personnel file, under such time as the parties mutually agree to modify or remove it.

## CITY OF TWO RIVERS

  
Lee W. Brocher, City Council President

  
Gregory E. Buckley, City Manager

  
Kim M. Graves, City Clerk

03.05.2012  
Date

## EMPLOYEE

[REDACTED]

3/6/2012  
Date

Sample Letter of  
Agreement, Non-Union  
Employee

**City of Two Rivers Personnel Policy**

**Chapter 9, EMPLOYEE BENEFITS**

**Section 9.02 Insurance**

**C. Continued Health Insurance (as amended April 4, 2011 by the City Council)**

**2. In the Event of Normal Service Retirement**

For employees hired after September 18, 2000, a minimum of 15 years of full-time employment with the City of Two Rivers shall be required to qualify for this benefit.

**EFFECTIVE JANUARY 1, 2011:** For employees hired after January 1, 2011, there shall be no City contribution toward post-retirement health insurance benefits as described in this section. Such employees may, however, upon normal service retirement retain coverage for themselves and their spouses through the City's health insurance plan, on the same terms that would apply to a retiree who has exhausted his or her City-paid post-retirement health insurance benefits as provided herein. Such employees do not enjoy any re-enrollment rights if they do not elect to continue coverage under the health insurance plan at the time of their retirement.

A full-time employee retiring between age fifty-five (55) and sixty-five (65) shall be eligible for up to six years (72 months) of continued health insurance coverage (single or family plan, as may be applicable), with City payment of 90 percent of the premium.

This benefit may be exercised at any time between age fifty-five (55) and age sixty-five (65) but must be used in a single block of up to

~~six (6) years~~ After this benefit is exhausted, the employee may retain such health insurance coverage at his or her own expense.

~~Stated alternatively~~ Such a retiring employee, aged fifty-five to sixty-five (55 to 65), may leave the City's insurance plan upon retirement and re-enroll in that plan at a later time prior to age sixty-five (65), to use the block of up to six (6) years of 90 percent City-paid health insurance coverage described above. Provided, however, that a retiree may re-enroll in this manner only one (1) time, and that re-enrollment shall be denied if that retiree as of his/her proposed re-enrollment date is covered by any other group health insurance plan, is age 65 or older, or is eligible for Medicare.

City payment toward such post-retirement coverage, once initiated, shall immediately and permanently cease should the retired employee be covered by any other group insurance plan and coverage shall cease when the employee reaches age sixty-five (65) or becomes eligible for Medicare, whichever is earlier.

When a retired employee reaches age sixty-five (65), the employee's spouse, if under sixty-five (65), may remain a participant in the City's group insurance program at the employee's own expense, provided that the carrier permits such inclusion and subject to the other limitations set forth herein.

Police and Fire non-union command personnel (Police Chief, Captains, and Lieutenants, Fire Chief and Assistant Chiefs) shall be eligible for post-retirement health insurance benefits as provided in the collective bargaining



agreements for the Police and Fire Unions, respectively. Provided, however, that the health premium co-payment for such post-retirement coverage for retirees ages 55-65 (currently 90% City/10% employee in the referenced bargaining agreements) shall be subject to modification by action of the City Council, to be consistent with the post-retirement health premium co-payment required of other, non-union employees.

The Employer reserves the right to change health insurance carriers and to modify its health insurance plan structure and/or benefits as it sees fit. Such carrier changes and plan/benefit modifications shall apply to both active and retired employees.

Personnel Policy Language  
Cited in Letter of Agreement  
for Non-Union Employees

## Chapter 7 – Employee Benefits

### 7.01 Life Insurance

*Effective Date: 3/7/2022*

The City provides basic life insurance in the amount of one-time the employee's annual salary (rounded to the nearest \$1,000) at no cost to the employee. Full-time and regular part-time employees who work more than 1,200 hours per year are eligible for coverage the 1st day of the month following 30 days of employment.

The imputed cost of coverage in excess of \$50,000 must be included in income and is subject to social security and Medicare taxes.

Additional coverage may be purchased at the employee's expense and paid through payroll deduction.

### 7.02 Health, Dental, and Vision Insurance

*Effective Date: 3/7/2022*

The City provides group health, dental, and vision insurance to all permanent, full-time employees. Insurance is effective on the 1st day of the month following 30 days of employment. Plan details are set forth in separate plan documents issued when an employee becomes eligible to participate; additional copies are available from the City Clerk/Human Resources Director. The City reserves the sole discretion to determine what insurance and level of benefits to offer. Employees may be required to contribute toward the cost of the monthly premiums as established by the City Council and contributions will be payroll deducted.

### 7.03 Health Savings Account (HSA) Contributions

*Effective Date: 3/7/2022*

Employees participating in a High Deductible Health Plan (HDHP) are eligible for employee contributions to a Health Savings Account (HSA) via payroll deduction.

### 7.04 Continued Health Insurance

*Effective Date: 3/7/2022*

#### Disability Retirement

Employees forced to retire under disability provisions of OASI will be required to apply for Social Security benefits, including Medicare. Coverage will continue from the time of retirement through the determination of eligibility for Social Security benefits, not to exceed 24 months.

#### Normal Service Retirement

For employees hired after September 18, 2000, a minimum of 15 years of full-time employment with the City of Two Rivers shall be required to qualify for this benefit. Employees hired on or after April 15, 2011 are not eligible for a City-provided post-retirement health benefit of any kind upon their retirement.

An employee retiring at age 55 or older shall be eligible for continued health insurance coverage (single or family plan, as may be applicable). As of January 1, 2014, the City shall contribute the current split percent rate of the medical premiums, on behalf of eligible retirees, and the premium co-payment required of retirees shall equal the current split rate applicable to active employees as of the date of the employee's retirement.

This benefit may be exercised immediately upon retirement by qualified employees retiring at age 55 or older (50 or older for Police and Fire employees). Alternatively, an employee retiring at age 55 or older (50 or older for Police and Fire employees) may leave the City's health insurance plan upon retirement and re-enroll in that plan at a later time prior to age 65, with partial City payment of premiums as described above for the duration of the employee's post-retirement health insurance benefits. Provided, however, that a retiree may re-enroll in this manner only one time.

Police Union and Management employees, Fire Union and Management employees and certain non-union employees who are eligible for this post-retirement health insurance benefit have individual letters of agreement with the City that are in their personnel files, which address the number of years of such coverage they qualify for. Any other employees who qualify for this benefit qualify for the number of years cited below:

- a. Employees with over 25 years of service as of December 31, 2013: 3 years of continued health insurance.
- b. Employees with over 10 years of service as of December 31, 2013: 1 year of continued health insurance.
- c. Employees with less than 10 years of service as of December 31, 2013: No benefit.

City contributions will not continue past the retired employee's Medicare-eligibility.

When a retired employee reaches age 65, the employee's spouse, if under 65, becomes eligible for continuation of health coverage under COBRA.

A minimum 30-day advance notice of termination must be given to qualify for this benefit.

A retiree forfeits and waives all benefits under this provision if the employee should obtain employment with another employer (for more than a 30 day grace period) that has a group health insurance plan and is eligible to participate in such plan, or if the retiree becomes covered by any other group health insurance plan.

#### Survivor Coverage

The surviving spouse and/or dependents of a participating employee who dies while actively employed by the City or while retired from City employment, may elect to continue to be covered as part of the group under the rules of the plan set forth in Section above, by payment of the insurance premium co-pay, not to exceed 24 months.

## 7.05 Voluntary Waiver of Health Insurance Coverage

*Effective Date: 3/7/2022*