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City, San Antonio Police Union Swap Proposals

[Robert Rivard](#)

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On the surface, Tuesday's fourth round of collective bargaining talks were cordial enough as a dozen people – seven for the police union, five for the City of San Antonio – shared a conference room table to make their respective presentations and swap proposals. Reading the body language and examining the wildly different proposals, however, it's hard to see much room for compromise at this juncture.

Negotiators for the [City of San Antonio](#) and the [San Antonio Police Officers Association](#) and their respective health care consultants made Power Point presentations and discussed calculations and actuarial assumptions over a four-hour span – although half of that time was spent in caucus sessions and a lunch break. It was the first meeting between the police union's new lead negotiator, Georgetown attorney Ron DeLord, and the city's lead negotiators, Houston lawyer Jeff Londa and Fort Worth attorney Betty Lynn.

The session began with Tiffany Parker, vice president of Austin-based benefits consultant MHBT, presenting the city's report, titled, "City of San Antonio Police Health Plan Performance." [Click here](#) to review her presentation.

The report showed the City is paying nearly twice as much to insure uniformed personal as it pays to insure civilian employees. The cost of the civilian plan has been managed down by 5 percent over the last two years, while the police plan has risen by 21 per cent. The City believes it could save up to \$11 million annually by merging uniformed and civilian employees into a single insured pool where employees pay about one-third of the plan's cost. Currently, civilians pay 31 percent of their plan's cost while police enjoy premium-free coverage and pay about 9 percent of their plan's cost.

Plan Design Alternative Savings

Scenario	Reduction in Claims Range ¹	Employee Premium Contributions	Total Savings Range ²
Move Police to Current Civilian plans	\$4.32M-\$5.76M	\$4.24M	\$8.56-\$10M
Move Police to Current Civilian plans drop Premier	\$5.76M-\$7.20M	\$3.89M	\$9.65-\$11.09M

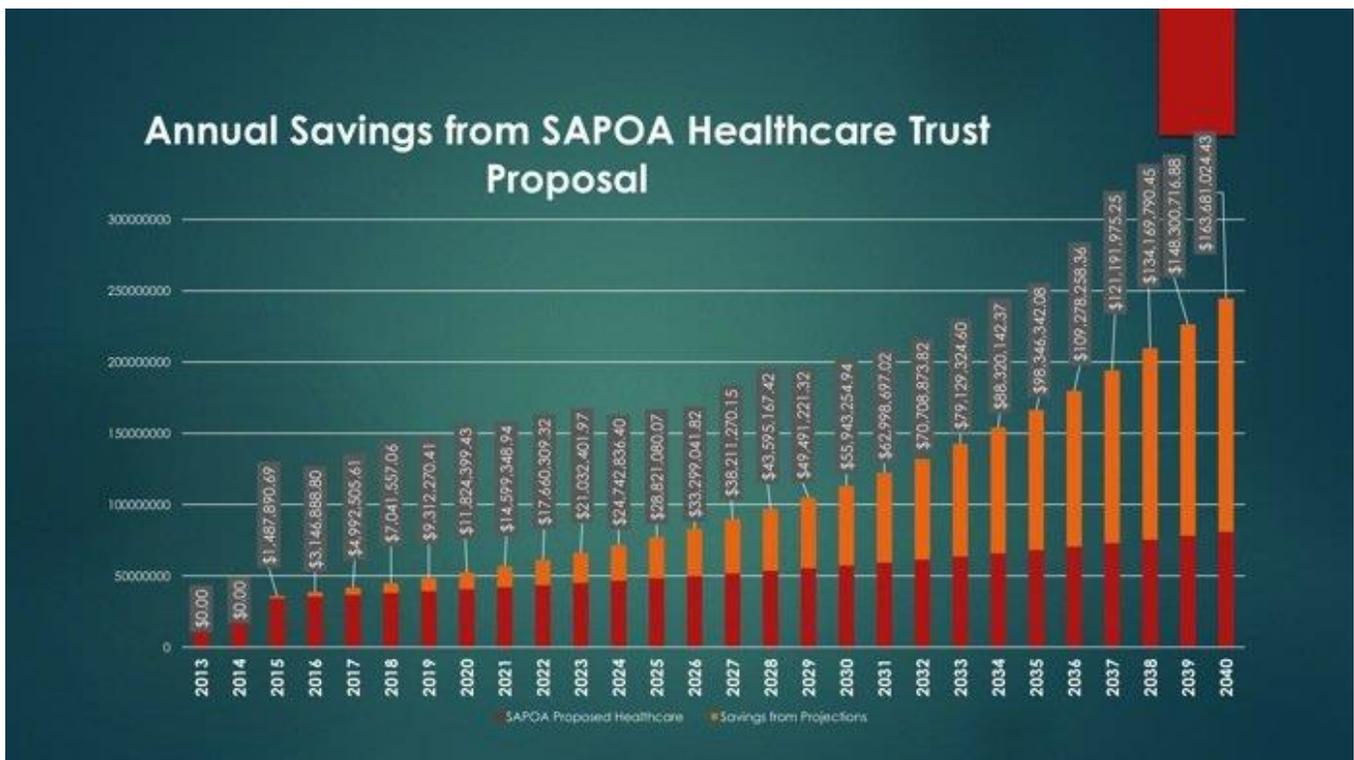
1. Range reflects 15%-20% savings estimate off CY2013 claims of \$28.8M
2. Savings are estimates. Actual savings will vary based on enrollment.

- Estimate City will need to contribute approximately \$800K towards employee's HSA's, depending on enrollment in CDHP. \$500Ee/\$1,000Family.

From the "City of San Antonio Police Health Plan Performance" presented during contract negotiations on April 29, 2014.

Randy McGraw, executive vice president with El Paso-based Crest Benefits and JDW Insurance, presented the union's proposal, titled, "SAPOA Healthcare Trust Proposal." Click [here](#) to review McGraw's presentation.

The police union is proposing the creation of a jointly managed city-union trust fund that would be funded by taking the \$27 million the city currently spends annually on insuring uniformed personnel and placing that sum, adjusted for compensation increases and inflation, into a health care benefits trust. McGraw said the trust would save the city a few million dollars in the early years and \$1.1 billion by 2040, and that the union would be willing to establish the trust without the city's direct managerial involvement as long as the funds were contributed.



From the “SAPOA Healthcare Trust Proposal” presented during contract negotiations on April 29, 2014.

After lunch, Londa cast doubt on the City’s likely acceptance of the idea, which would fix the city’s costs for union health care but would not allow it to realize savings by establishing a combined plan that would better control costs and require uniformed personnel to begin contributing to the plan’s cost.

Shortly before the session ended, Lynn handed DeLord and union leaders the city’s proposed changes to the entire, 163-page collective bargaining agreement. Click [here](#) to review the city’s proposed changes to the existing five-year agreement.

The two sides agreed to reconvene Monday at 10 a.m. when Londa will present a more detailed response to the union trust fund proposal. City negotiators already know the police union is not agreeable to a combined police-civilian plan in which members would pay premiums and a greater share of health care costs while accepting less comprehensive coverage.

The existing five-year contracts between the City and the police and firefighter unions expire at the end of September.

San Antonio City Manager Sheryl Sculley

City Manager Sheryl Sculley has told City Council that double-digit annual increases in the cost of health care benefits for police and firefighters cannot be sustained in future years without threatening the stability of the General Fund and the city’s credit rating. Mayor Julián Castro convened a [Health Care and Retirement Benefits Task Force](#) last year, which [issued a report](#) supporting Sculley’s position. A minority contingent of union representatives and McGraw disagreed with the majority report and issued its own minority report.

Firefighters have not yet agreed to a collective bargaining schedule with the city, although the police union indicated



Tuesday it would like the two unions to sit side by side if the city agrees to establish a separate working group to study the trust proposal.

The first crack in polite engagement came as the two sides weighed the other's presentations and each side's flexibility going forward

Londa praised DeLord and the union team for acknowledging the current plan is unsustainable.

"Initially, I thank the union for the proposal," Londa said. "For the first time we've received recognition from the union that a consumer-driven health plan is needed."

He then expressed misgivings about any proposal that did not reduce the city's share of health care costs by having union members pay monthly premiums and exercise tighter cost controls. He also said the trust would reduce the pool of employees the city now represents when it shops for competitive bids from insurance providers.

DeLord made it clear the union is not interested in joining the plan currently offered civilian employees.

"We look at the city side and we see shared misery," DeLord said. "You have fewer benefits, employees pay more, and you don't pay much, and you get very little health care."

Londa: "You understand that under any plan the uniformed personnel are going to have to pay more and get less?"

DeLord: "I understand that...it's different when employees have a union and have a voice to talk about these issues. City workers have not had that voice...Hopefully, you will reach a comfort level that this will be the route we go...It ends the deadlock with us arguing back and forth about the city plan...We think it will save the city million of dollars in the short term and a billion dollars in the long term."

Ron DeLord, representing the SAPD Union, sits at the head of the conference table to the left of Houston lawyer Jeff Londa, who is representing the City of San Antonio with Fort Worth attorney Bettye Lynn (far right) during contract negotiations on April 29, 2014. Photo by Robert Rivard.

Londa asked DeLord and McGraw for the names of other cities where such a trust fund approach is in place, and it didn't appear there are any existing models to reference. He promised a more formal response on Monday after consulting with city staff, and added that he hoped on Monday that negotiators consider the city's proposal to change a contract provision that would keep patrol vehicles in use for 75,000 miles rather than the current retirement at 50,000 miles.

He then turned to Lynn, who presented De Lord and union officials with copies of the city's proposed collective bargaining agreement in its entirety. Those proposed changes reach well beyond Tuesday's talks about the current health care benefits plan.

DeLord said the union would not move on to other issues until the health care plan was addressed.

"I would tell you that are we are going to resolve health care and if that issue moves down a good track, we can work on the other issues," he said. "If we can't do that, then we're finished."

Londa: "I thought you were proposing the trust and that a small committee will look at that...but it could be at the end of that study the city position could be that we're not going to do that."

DeLord: "If you're not willing to work on that then we're at a dead end."



**Featured/top image: Ron DeLord, representing the SAPD Union, sits at the head of the conference table. Houston lawyer Jeff Londa and Fort Worth attorney Bettye Lynn, representing the city, (seated at the far right) during contract negotiations on April 29, 2014. Photo by Robert Rivard.*