

From: [KARL LEWIS \(O/A\)](#)
To: [Kathleen McDaniel](#)
Cc: [MICHAEL MICHELINI \(Fld. Serv\)](#); [CINDY MCGINNIS \(Fld. Serv\)](#); [kirchmanb@yahoo.com](#); [danric1.mtc.net](#) ([danric1@mtc.net](#)) ([danric1@mtc.net](#)); [Jessie Lillibridge - HR](#); [Eric Sitkiewitz - D6](#)
Subject: RE: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees
Date: Monday, February 19, 2018 3:28:29 PM
Attachments: [image001.jpg](#)
[image002.jpg](#)

Ms. McDonald,

Thanks for your email. Listed below are my answers in Red and underlined. I hope they help. Let me know if you have any further questions.

Karl

From: Kathleen McDaniel [mailto:kmcdaniel@manitowoc.org]
Sent: Monday, February 19, 2018 11:57 AM
To: KARL LEWIS (O/A)
Cc: MICHAEL MICHELINI (Fld. Serv); CINDY MCGINNIS (Fld. Serv); [kirchmanb@yahoo.com](#); [danric1.mtc.net](#) ([danric1@mtc.net](#)) ([danric1@mtc.net](#)); [Jessie Lillibridge - HR](#); [Eric Sitkiewitz - D6](#)
Subject: RE: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees

Good afternoon Mr. Lewis,

Thank you very much for providing this information, which is more than we previously had. As you may be aware, Jim Wyss, the previous signatory, has been deceased since 2008 so I cannot ask him these questions. I am also not sure that Mr. Wyss ever had the sole authority to bind the City, as we could not find any authorizing resolutions.

My understanding is that this will not be voted on this evening, in case you were not already aware. I trust your employees will make travel plans in this inclement weather accordingly.

I've reviewed this and have a few additional questions. Again, I want to make it clear that the questions apply only to DPW as Transit has bargained this coverage for the duration of their full CBA.

1. If the Teamsters DPW unit was to decertify or switch to another union such as AFSCME, would all retirees lose coverage? The Central States H&W Fund is a Teamster Fund, therefore, if the group decertified from the Teamsters and joined the AFSCME, the Fund would not provide continued coverage for the DPW employees, and the retirees who last worked as DPW employees would also lose retiree coverage, as would their spouses.
2. Why does Central States believe the City has an obligation to continue to sign these participation agreements with respect to DPW employees? We have no collective bargaining agreement with these employees as to benefits. I understand that the Fund would like an agreement, but do not believe the City is bound to provide one. You raised the question earlier about the rates in the 2004 Participation Agreement being out-of-date. And because Act 10 no longer allows for H&W rates to be negotiated or listed in the agreement, we

would like an agreement that lists the rates. We can use the certification clause that is on the billing that helps support the Employer's continued participation in the Fund, but we would also like the Participation Agreement that contains the rates required to maintain the plan for your employees. You are correct that the City is not bound to provide a Participation Agreement, but then the Fund is not bound to continue to provide your members or retirees with health coverage. Normal groups that sign traditional collective bargaining agreements do not need to send in new Participation Agreements every year because they have the required health rates listed in their agreement. But because of Act 10, the Fund requires Wisconsin Municipalities to provide these Participation Agreements with rates. If we do not get them, then it is up to the Trustees to decide the fate of the group. If you decide to withdraw the DPW employees out of Central States, I am fairly confident that any other plan you decide to put them into would require rates to be listed and a signature from the City that states that they will pay those rates.

3. What are the enrollment provisions? You are asking us to bind the City, but we have no information on how employees become eligible for coverage. Existing employees are covered with H&W coverage for all weeks in which any compensation is earned. For new hires, the Fund requires H&W contributions from date of hire and for all compensated periods thereafter. The new employees will gain eligibility the week following the week that they get eight (8) weeks of contributions. This is known as the establishing period.
4. Can you revise the agreement with Transit to reflect what the employer and employee pay? I know you had told me on the phone this may not be possible, but the City cannot agree to fund more than we are obligated to by collective bargaining agreement. As you know, we currently fund the cost of the City's family plan for the employer and our employees provide the difference. You are not funding more than you are obligated to, so long as you have a payroll deduction requirement in place to collect the shortfall from the employees. The Fund does not modify the Participation Agreement for these situations. The Fund, as I mentioned on the phone a few weeks ago, cannot collect from the City's employees. We cannot ask the employees to sign payroll deductions. The City, however, can require a payroll deduction form be signed as a requirement for hire. If the City were to become delinquent in their payments, the Fund will go after the City for payment. We will not go after the employees for payment. Therefore, the Participation Agreement states that the Employer will pay the full amount. How the Employer gets that money (payroll deduction) is up to the Employer to handle.
5. Have any other Wisconsin municipalities signed an agreement with relation to a non-public safety or transit bargaining unit? Our understanding from our peers is that no other area municipalities continued this coverage after Act 10. Without giving you names of those municipalities that participate in our H&W Fund, I did a search and found over 20 Wisconsin municipalities that have signed the same form of a Participation Agreement as we are asking your City to sign. And from what I gather, most speak very highly of our H&W coverage and benefits. We even had one group that failed to re-certify (as required by Act 10) and they made a special request to be allowed to continue. They went so far as organizing a new classification as Teamsters so that the employees could continue their Central States

coverage. Although some are public safety, the majority are water and sewer, streets and sanitation, office staff, and other non-public safety. So I don't know the municipalities that you are referencing. And in all of these cases, the health & welfare rates listed in these Municipalities' Participation Agreements are the full rates, and they are responsible to submit the full amount regardless of whether they collect co-pays from employees through payroll deductions or not.

Thank you again for the information. I look forward to your responses.

Kathleen M. McDaniel

Manitowoc City Attorney
900 Quay Street, Manitowoc, WI 54220
(920) 686-6990 | kmcdaniel@manitowoc.org

From: KARL LEWIS (O/A) [<mailto:KLEWIS@centralstatesfunds.org>]
Sent: Monday, February 19, 2018 8:45 AM
To: Kathleen McDaniel
Cc: MICHAEL MICHELINI (Fld. Serv); CINDY MCGINNIS (Fld. Serv); kirchmanb@yahoo.com; danric1 mtc.net (danric1@mtc.net) (danric1@mtc.net)
Subject: RE: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees

Kathleen,

I was asked to respond to your email below.

The last Participation Agreement for the above referenced group was from 2004 and was signed by both parties prior to the new state laws (Act 10) that prohibit Locals and Employers from bargaining for benefits other than wages and recognition. This Participation Agreement supports that the Employer will follow the Central States Procedures and that the Employer will follow the rules and regulations of the Trust Agreement.

You are correct that it has been far too long since the Fund has received an updated Participation Agreement, for many of the reasons listed in your email. When Act 10 was passed, the Fund created a new Participation Agreement specific for Wisconsin Municipalities that removed the Local Union's signature and included a spot for the Employer to sign and a spot for Central States to sign. We send these Participation Agreements out for signatures every year, and have not received any back. The new Participation Agreements contains the new H&W rates. That is why the Fund has been asking for one. And it is now a required document as it protects the Fund and clarifies that the Employer is responsible to submit the full cost of the plan regardless of how they collect the co-pays from employees, if applicable. I believe we talked about this before. Since the Wisconsin Lawmakers do not allow for the H&W rates to be listed in the collective bargaining agreement, the Fund now requires that they be included each year in the Participation Agreement.

In answer to your questions listed below, her are my answers:

1. **What will happen to retirees currently on the plan in 2019 if the City does not remit premiums for streets employees?** If the Employer decides to withdrawal from the Central States H&W Fund in 2019, current retirees, spouses, and those who are eligible but not yet retired will lose their retiree coverage with the Fund.
2. **What would happen if the City ceased offering this coverage to any new employees, but allowed current employees to remain on the plan until retirement? Would all retirees retain coverage then? How long would retirees retain coverage once all of the current employees on the plan have retired?** If this were to happen, I would first try to work with the parties to get them to amend the language to require H&W contributions on all employees, regardless of age, hire date, etc. as required by Fund rules. If I could not get this accomplished, I would have no other choice but to refer the group to the Trustees with a recommendation to terminate their participation from the H&W Fund due to adverse selection practices. This termination would be considered by the Fund as a voluntary withdrawal and the actives and retirees (and spouses) would lose coverage. They would also not be allowed to COBRA. Retirees would not be allowed to retain coverage. We really would like your continued participation, but we require documents and have rules to protect the Fund. Only paying on a few of the employees and not all of them is classic adverse selection, and the Fund has a long standing rule against adverse selection. So we have no other choice as we need to maintain the actuarial soundness of the Fund for all participants.
3. **What coverage are retirees currently receiving?** Retirees are currently receiving Plan R4 benefits. Attached is a summary of benefits under that plan. If they meet the eligibility requirements, they would qualify for retiree (R4) coverage until age 65 or Medicare eligible, whichever comes first.

I hope this answers your questions. I have once again attached the Participation Agreement for both the Transit group and the Department of Public Works for your signatures, since you reminded me that we do need the rates to be established in a document.

Karl

Karl A. Lewis | Division Manager – Contracts | CENTRAL STATES FUNDS |
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kLewis@centralstates.org

From: Kathleen McDaniel [<mailto:kmcdaniel@manitowoc.org>]

Sent: Friday, February 16, 2018 2:15 PM

To: MICHAEL MICHELINI (Fld. Serv) <MMICHELLI@centralstatesfunds.org>; Jessie Lillibridge - HR <jlillibridge@manitowoc.org>

Cc: '0662, Rick Skutak' <danric1@mtc.net>; 'Beth Kirchman' <kirchmanb@yahoo.com>; CINDY MCGINNIS (Fld. Serv) <CMCGINNI@centralstatesfunds.org>; Eric Sitkiewitz - D6 <esitkiewitz@manitowoc.org>; Dan Koski <dkoski@manitowoc.org>

Subject: RE: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees

Mr. Michelini,

The City is in receipt of your copy of the 2004 Participation Agreement. We do not believe that this is applicable to the City for a number of reasons. There has not been a full collective bargaining agreement with the Streets Laborers (former DPW employees) since Wisconsin passed Act 10. The City is prohibited from bargaining with the union over any subject other than base wages, and even then, the ability to bargain is somewhat limited by state law. I have attached our base wage agreement.

Paragraph 3 of the plan indicates that any covered employees would be covered by "Modified C-4 with retiree coverage," but our employees who currently have Central States coverage indicate that they are on plan C-6. The weekly contribution rate of \$195.70 is substantially less than the amount the City and employees have been remitting for coverage.

Paragraph 4 references new collective bargaining agreements. Again, the City does not have any collective bargaining agreement with the Teamsters who work for the Department of Public Infrastructure, absent the attached base wage agreement, which is silent as to benefits, as the law requires.

Paragraph 5 indicates that the City can provide written notice to the fund indicating the reasons why we are no longer obligated to contribute, during which our obligation to pay contributions will cease. There is no collective bargaining agreement that requires the City to make contributions, and should the City's Common Council take formal action to cease offering this plan, we will provide you with that written notice.

Paragraph 7 defines covered employees as "fany[sic] full-time or part-time employee covered by a collective bargaining agreement requiring contributions to the Fund(s)." Again, there is no collective bargaining agreement in place requiring contribution on behalf of these employees, nor has there been for several years.

The City is working towards streamlining our benefits plans in 2019 and going forward. A discussion on whether to continue partially funding Central States premiums in 2019 is on the Common Council agenda for Monday, February 19, in the event that our alderpersons wish to discuss it. In advance of that meeting, the City would like the answers to the following questions:

1. What will happen to retirees currently on the plan in 2019 if the City does not remit premiums for streets employees?
2. What would happen if the City ceased offering this coverage to any new employees, but allowed current employees to remain on the plan until retirement? Would all retirees retain coverage then? How long would retirees retain coverage once all of the current employees on the plan have retired?
3. What coverage are retirees currently receiving?

I want to reiterate the letter and conversation I had with Karl Lewis, which is that the City fully intends to honor our collective bargaining agreement with the Transit Teamsters in attempting to renegotiate their participation agreement to be consistent with their contract. We are seeking these clarifications as to our streets employees only.

Thank you for your attention to this matter.

Kathleen

Kathleen M. McDaniel

Manitowoc City Attorney
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(920) 686-6990 | kmcdaniel@manitowoc.org

From: MICHAEL MICHELINI (Fld. Serv) [<mailto:MMICHELI@centralstatesfunds.org>]
Sent: Thursday, February 15, 2018 2:20 PM
To: Jessie Lillibridge - HR
Cc: '0662, Rick Skutak'; 'Beth Kirchman'; CINDY MCGINNIS (Fld. Serv); Kathleen McDaniel
Subject: RE: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees

Jessie,

Sorry for the delay. A copy of the Participation Agreement for the DPW employees is attached.

Please let me know if you have any questions.

Thank you,
Michael Micheleni



Michael Micheleni | Division Manager, Marketing and Field Service Group |

TeamCare / Central States Funds
9377 W. Higgins Road, Rosemont, IL 60018
(847) 939-2296 – Office
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mmicheleni@centralstates.org

From: Jessie Lillibridge - HR [<mailto:jlillibridge@manitowoc.org>]
Sent: Wednesday, February 14, 2018 3:40 PM
To: MICHAEL MICHELINI (Fld. Serv) <MMICHELI@centralstatesfunds.org>
Cc: '0662, Rick Skutak' <danric1@mtc.net>; 'Beth Kirchman' <kirchmanb@yahoo.com>; CINDY MCGINNIS (Fld. Serv) <CMCGINNI@centralstatesfunds.org>; Kathleen McDaniel

<kmcdaniel@manitowoc.org>

Subject: RE: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees

Thank you for your email. Would you please forward me a copy of the executed Participation Agreement referred to in your email?

Jessie Lillibridge | Human Resources Director
City of Manitowoc
(920) 686-6994 | Direct Line
(920) 323-1721 | Mobile

City Hall | 900 Quay Street | Manitowoc, WI 54220
(920) 686-6999 fax | www.manitowoc.org

From: MICHAEL MICHELINI (Fld. Serv) [<mailto:MMICHELINI@centralstatesfunds.org>]
Sent: Wednesday, February 14, 2018 3:30 PM
To: Jessie Lillibridge - HR
Cc: 0662, Rick Skutak; Beth Kirchman; CINDY MCGINNIS (Fld. Serv)
Subject: City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees

Jessie,

It has come to the Fund's attention, as described in your recent "2019 benefits plan" announcement, that the City may require the City of Manitowoc's Department of Public Works (DPW) Collective Bargaining employees to make a choice between their current TeamCare health coverage and a proposed alternate health coverage plan. It's also our understanding that the DPW employees may be subject to a payroll deduction penalty if the employees do not switch to the proposed alternate health coverage plan.

Under the terms of the original participation agreement signed by the City and still retaining its contractually binding status, the Central States Health Fund (TeamCare) currently provides the health coverage benefits for the DPW employees. However, the TeamCare Participation Agreement requires the City to pay weekly health coverage contributions for all eligible collective bargaining employees. In addition, all eligible collective bargaining employees, including all new hires, must participate in the TeamCare health coverage; the option to decline the health coverage is not allowed.

If the City should proceed with their 2019 benefit plan and require the DPW employees to participate in this proposed arrangement, the Fund will consider this action a breach of the Participation Agreement. Ultimately, this may result in the termination of the DPW employees' health coverage and also in the termination of all DPW retirees currently covered under the TeamCare health coverage. This termination would be considered a voluntary withdrawal and the employees and retirees would not be eligible for continued COBRA coverage.

The Fund highly recommends that the City exclude the DPW employees from the City's 2019 benefit plan proposal.

Please let me know if you have any questions.

Thank you,

Michael Michelini



Michael Michelini | Division Manager, Marketing and Field Service Group |

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DISCLAIMER:

Only the Board of Trustees is authorized to interpret the benefits plans (including those plans offered under the name of TeamCare) established by the Central States Health and Welfare Fund and the Central States Pension Fund. Any and all representations concerning benefits or benefit amounts contained in this communication are estimates or projections. These representations are not a final determination of benefits and are not a guarantee of payment. All benefits will be paid in accordance with the terms of the applicable benefit plan documents.