



Contract Extension Q & A

1. How did the one year contract extension come about?

In October the City and the Union began discussions on the process to be used for the up-coming contract bargaining process. Both parties were interested in exploring alternatives to the traditional "big committee" bargaining approach. During the discussions, the City suggested a one-year contract extension instead of a full contract bargaining process. Contract extensions are not an uncommon practice with labor-management agreements and are typically limited to salary adjustments. The Union stated we would consider the one year extension if we could reach an agreement on a cost-of-living adjustment (COLA). During the next couple of meetings salary adjustments and other immediate changes to the contract were discussed. In December a draft Memorandum of Understanding (MOU) was prepared for tentative approval by both parties. For the Union, the draft MOU was reviewed by both the Contract Bargaining Team and Executive Board. In early January the MOU was finalized. On January 09, 2007, the Executive Board again discussed the MOU and moved to take the tentative agreement before the membership for ratification.

2. Who was involved in the review of the contract extension?

Both the Local's Contract Bargaining Team and Executive Board have reviewed and approved the tentative MOU. In addition Ken Allen, Executive Director Council 75 and Peter Donahue, consulting economist for Local 1724 have reviewed the tentative agreement. The one year contract extension MOU was reviewed, discussed and approved for ratification by the members at the January Executive Board meeting.

3. Why are the City and the Union proposing a one year extension?

The City has stated they are interested in a one year extension in part due to impending staff turnover within the Human Resources Division and in part because their contract bargaining survey did not identify a lot of issues with the current contract. With the imminent retirement of several key staff, including the HR Division Manager (Helen Towle) and the Recruitment and Selection Manager (Lynn Stimson) and other positions within the Division being hired within the past year or so, the City would prefer to complete the hiring process and allow time for new staff to develop relationships with the Union before negotiating the full contract.

For the Local the top issues identified in our contact bargaining survey were salary, retirement, health benefits and classification. The Bargaining Team published its goals for each of these issues in the October 2006, Unity Newsletter. They are as follows:

- **Wages** – Our Cost-of –Living-Adjustments have not kept up with the inflation etc. We need to catch up.
- **Health Care Benefits** – increases are needed in specific areas of the plan.
- **Retirement** – our retirement benefits have been reduced. OPSRP/IAP is inadequate! We demand an adjustment!
- **Compensation and Classification** – the current system is not well understood or trusted. We need more transparency and involvement.

The tentative one year extension provides us with advances in most of these areas.

4. What do we stand to gain with a One-Year Contract Extension?

- a) **Salary Adjustment:** The MOU includes a 4.2% salary increase effective July 1, 2007. Working with our consulting economist, we determined that the past two years of salary adjustments fell below the consumer price index by 0.16%. In addition, our recent health premium contributions lowered our salaries by 0.86%. The 4.2% increase is based on a projected consumer price index annual average of 3.2% plus 1% for a "catch up".
- b) **Health Care Benefits:** In agreeing to a one-year extension, we agreed to postpone detailed discussions on specific health plan changes. In part the complexity of the plans requires that a

- detailed costing model be developed to evaluate the impact of various changes on benefit costs and premiums. We did agree to make the following changes 1) Eliminate the cap on vision exams (was 80% with \$60 cap) and simplify the vision benefit and 2) clarify the emergency coverage for in-service area visits in the Pacific Source Plan. All other health plan benefits remain unchanged.
- c) Long Term Disability (LTD) Insurance: Our current LTD insurance policy covers 60% of our salaries with a \$4,000/mo cap. This adjustment increases the eligible monthly salary coverage to \$6,000.
 - d) Increased Employee Involvement: Two labor-management committees will be formed to educate and inform the City and the Local on issues important to our membership. A Classification and Compensation study group and a Retirement Health Savings study group will be formed to create a shared base of knowledge and understanding. The study groups may have up to 4 AFSCME representatives each, providing the Union the ability to learn and share important information, analysis and findings with the membership. This in turn will assist us in clarifying our goals and focusing our bargaining positions for the 2008 contract negotiations. If this strategy is to succeed we will need committed members to participate on these committees. Please consider participating.
 - e) Increase in Sick Leave Bonus: The MOU includes an increase in the eligibility for the low sick leave usage bonus for members at the maximum accrual limit (960 hours). The new language allows the bonus to be awarded for use of less than 3 days of sick time per year.
 - f) Double Time for Non-Continuous Operation Employees: Non-continuous operation employees who are called back to work on any of the four listed holidays will receive double time. The eligible holidays included are: Fourth of July, Labor Day, Thanksgiving and Christmas.
 - g) Flexible Spending Medical Account Increase: Beginning January 2008, the annual maximum for the medical flexible spending account will increase to \$5,000.

5. Is there a downside to agreeing to the one year extension?

Perhaps. The local economy is strong right now and our consulting economist is recommending that we take advantage of the healthy economy to "lock in" a COLA. However, one never knows what the future holds. The economic situation may be better a year from now or it could be worse. The City does not want to bargain at this time. It is our hope that over the course of the next year, the 2 labor-management committees will learn more about compensation and classification and health savings accounts so that both parties are more prepared to develop ways to address these issues in the future. From this shared pool of knowledge we hope to be able to make changes of mutual interest to the organization. If the Union is not focused and committed to this effort we'll have lost an opportunity to improve our working conditions and our retirement benefit.

6. What is the process for Ratification?

An extension of the collective bargaining contract requires a majority vote of members in good standing (e.g. signed union card on file) to ratify the tentative agreement. The vote is a package deal – all or nothing. A "YES" vote will mean you approve the contract extension as tentatively agreed to in the MOU. A "NO" vote means you reject the contract extension as tentatively agreed to in the MOU. You must vote in person. Vote by proxy is not allowed. **The ratification vote will be held on Wednesday, Jan 31st**. The ballot box will be rotated to several major work sites throughout the City. You will be able to vote at any of the locations or at the Union Hall that evening. The ballot box schedule will be provided in the near future. If ratified, the agreements in the MOU will go into effect as stipulated in the MOU (e.g. 4.2% salary increase effective July 1, 2007, etc.) If the proposal is not ratified, the Union will proceed with traditional contract bargaining.

7. How can you learn more about the contract extension?

Several information sessions will be held during the week of January 22 - 26 both during work hours and in the evening. With supervisor permission you will be allowed to attend one of the work time meetings, or you may attend any of the meetings on your own time. Executive Board and Bargaining Team members will be available to answer your questions at the meetings.