



CITY COUNCIL AGENDA ITEM

Date: November 27, 2013

To: Brian Kischnick, City Manager

From: Peggy Sears, Human Resources Director 

Subject: **AGENDA ITEM** – Contract Ratification – Troy Communications Supervisors Association (TCSA) 2013-2016

BACKGROUND

On June 27 2013, the City of Troy and TCSA reached a tentative agreement for a three-year successor collective bargaining agreement that would replace the contract that expired June 30, 2013. As you are aware, the union failed to ratify that tentative agreement and so we resumed negotiations. Unable to reach an agreement, we began mediation and finally, after 2 mediation sessions, reached a tentative agreement on November 20, 2013.

In the last contract, the parties achieved a 10% savings from this employee group which through health insurance savings, reduced leave time, elimination of shift prep time and Training Officer premium pay, and reduced overtime costs. Consistent with the direction of City Council and similar to agreements reached with other unions, these recent negotiations addressed cost saving measures while at the same time considering the need to improve some of the financial loss experienced by employees in order to have a more positive effect on the attraction and retention of high quality employees.

As seen in the attached Tentative Agreement Summary, this agreement provides for a modest wage increase, some of which is in the form of a signing bonus (\$500 and \$250 lump sum payments in 1st and 2nd years respectively). The employer's contribution to the DC plan for new employees will be reduced from 10% to 8%. All TCSA employees will transition to Blue Cross Community Blue PPO Plan I Modified with the same drug rider, deductibles and co-pays in place for other Community Blue Plan participants in other employee groups. With the entire bargaining unit accepting Community Blue PPO, there would be a two-year opt out of PA 152 with a reopener on the issue of health insurance for 2015-16. Notable annual savings (\$19,425) will be realized in health insurance and pension costs.

Changes to **retiree health insurance** (for those hired prior to the implementation of the Retiree Health Savings Plan) will reduce the employer's future liability: the accrual of employer-paid retiree health insurance will reduce from 4% to 3% for each future year of service, up to 90%. Employees can earn an additional 1.25% per year of service toward employer-paid retiree health insurance up to 95% if they work an additional four years.

The approval of this agreement advances our goal of creating a more uniform benefits package across all employee groups, and provides a favorable foundation for future negotiations with other Act 312-eligible units. And, while the delayed implementation reduces the annualized savings in health insurance, this is more than compensated by the delayed 1% pay increase with no retroactivity.



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RECOMMENDATION

City management presents this tentative agreement between the City of Troy and the Troy Communication Supervisors Association (TCSA) for your consideration.

A summary of the tentative agreement is attached, as well as the resultant contract language detail.

Attachments

TENTATIVE AGREEMENT
City of Troy and TCSA
2013-2016 Collective Bargaining Agreement

Article 30. Hospitalization and Medical Insurance

A. 1. Eliminate HMOs. Modify current language as follows:

1. Blue Cross Community Blue PPO Plan 1 Modified, including the following:
 - a. \$10/\$40 prescription drug rider with mandatory generic, prior authorization, step therapy, and 2X MOPD.
 - b. \$30 office visit co-pay
 - c. \$50 emergency room co-pay
 - d. \$30 chiropractic office visit co-pay
 - e. \$250/\$500 basic deductible

~~Any available HMOs will include a, b and c above.~~

Add the following after E.

F. The City shall opt out of PA 152 for two years (2013-14 and 2014-15), and there shall be a reopener at either party's request on the sole issue of health insurance (medical and prescription drug) for July 1, 2015.

Article 33. Retirement

B. 1. Modify current language as follows:

Contribution rates:

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| Employee – | 4% |
| Employer – | 12% (employees hired before 1/1/04) |
| | 11% (employees hired on or after 1/1/04) |
| | 10% (employees hired on or after 7/1/05) |
| | 8% (employees who enter bargaining unit on or after 7/1/13) |

C. 1. For employees hired ~~on or before January 2, 2006~~ **February 18, 2008**:

Upon regular retirement, early retirement or disability retirement, employees will be eligible for health insurance, equivalent to that received by members of the bargaining unit at the time of the employee's retirement if they meet the age and service requirements whether they participate in the Defined Benefit or Defined Contribution Pension Plan. Such insurance will be provided for two-person coverage for retiree and spouse (or dependent child) at the time of retirement, at the rate of 4% per complete year of retirement service with the City of Troy (~~maximum 100%~~), provided that the retiree or spouse is drawing pension benefits pursuant to the City of Troy Retirement Ordinance.

Effective the first full month following the date of ratification, the percentage rate earned for future service shall be reduced to 3.0% per year until such time that the employee is eligible for 90% of City-paid health insurance at which time the rate of earning shall be reduced to 1.25% per year. In no event shall the City's obligation under this provision exceed 95% of the premium cost for the insurance provided under this paragraph. Current employees who as of the date of ratification would be eligible for more than 95% of City-paid health insurance shall not have that amount reduced as a result of this paragraph.

Article 34. Wages

- A. Effective date of ratification: 1% across the board increase + \$500 signing bonus
Effective 7/1/2014: 1% across the board increase + \$250 lump sum bonus
Effective 7/1/2015: 1% across the board increase

Current wage scales remain in place.

The wage increase will apply to all employees in the bargaining unit, including those previously redlined in the 2011-2013 agreement.

- D. **For the 2013-2016 contract**, employees whose salaries exceed the annual salaries set forth in Section A above shall ~~be redlined at their current salary for the duration of the Agreement.~~ **receive the across the board wage increases of 1% and the same lump sum bonuses on the same schedule as in Section A.**

Article 39. Duration of Agreement

Modify current language as follows:

This Agreement shall remain in full force and effect from July 1, ~~2014~~ **2013** until June 30, ~~2013~~ **2016**, and thereafter until amended or modified. Either party may, between January 1, ~~2013~~ **2016** and March 1, ~~2013~~ **2016**, serve written notice upon the other party of its desire to modify or amend this Agreement. In such event, the parties shall commence negotiations immediately on such proposed amendments for a succeeding contract. Any such amendment or modification would become effective after June 30, ~~2013~~ **2016**.

Article 40. Emergency Manager

Replace current language with the following:

An emergency manager appointed under the Local Financial Stability and Choice Act ("Act") may reject, modify or terminate the collective bargaining agreement as provided within the Act. Provisions required by this subsection are prohibited subjects of bargaining under this act.

By inclusion of section 40, as mandated by statute, the Union does not waive the right to challenge, under Article I, section 10 of the Michigan Constitution, actions of an Emergency Manager which invalidate any provisions of an existing collective bargaining agreement.

TENTATIVE AGREEMENT SUMMARY
City of Troy and TCSA
2013-2016 Collective Bargaining Agreement
(With Side-by-side Comparison where applicable)

<u>ISSUE</u>	<u>CURRENT (where applicable)</u>	<u>TENTATIVE AGREEMENT</u>
Contract Duration		Three years
Wages		1 st year 1% plus \$500 signing bonus 2 nd year 1% plus \$250 lump sum 3 rd year 1%
Health Insurance	1. Blue Cross PPO, 2 HMO's (a) \$10/\$40 PDR prescription drug rider (PDR) (b) 2xMOPD (\$20 co-pay for 3 mos. supply of mail order prescription drugs) (c) \$30 office visit co-pay, \$50 emergency room visit co-pay (waived if admitted) (d) \$250/\$500 basic deductible (e) Employee cost-sharing of premium is 5%	1. Eliminated HMO's (CB PPO remains in effect) 2. City opts out of PA 152 for 2013-14 and 2014-15 3. Either party may request a reopener on the sole issue of health insurance for 7/1/2015
Pension	1. Employer contribution to Defined Contribution Plan is: 12% (hired before 1/1/04) 11% (hired on/after 1/1/04) 10% (hired on/after 7/1/05) 2. Accrual of employer-paid retiree health insurance is 4% per year of service, up to 100%	1. Employer contribution to DC Plan reduced to 8% for those hired after 7/1/13 Accrual of employer-paid retiree health insurance is 3% for each future year of service, up to 90%, then accrual rate reduced to 1.25% per year, up to 95%. (Employees eligible for >95% frozen)
Miscellaneous:	1. Modified Emergency Manager language to include language required by current legislation.	