



CITY COUNCIL AGENDA ITEM

Date: March 12, 2014

To: Brian Kischnick, City Manager

From: Jeanette Menig, Human Resources Director

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

BACKGROUND

The City of Troy and Troy Communication Supervisors Association (TCSA) recently reached a tentative agreement for a three-year successor collective bargaining agreement that will replace the contract that expired June 30, 2013.

As seen in the attached Tentative Agreement Summary, this agreement provides for a wage increase, some of which is in the form of a signing bonus (lump sum). The agreement also changes health insurance whereby all TCSA employees will transition to the Blue Cross Community Blue PPO plan with the same prescription drug rider, deductibles and co-pays in place for Community Blue plan participants in other employee groups. With the entire bargaining unit accepting Community Blue PPO, there would be an opt out of PA 152 in 2014/15 with a reopener on the issue of health insurance for July 1, 2015.

Additionally, the City's contribution to the Defined Contribution (DC) retirement plan will be reduced from 10% to 8% for new employees. And two changes to retiree health insurance (for those hired prior to the implementation of the Retiree Health Savings Plan) will reduce the City's future liability: the accrual of employer-paid retiree health insurance will decrease from 4% to 3% for each future year of service, and the maximum is reduced from 100% to 90%.

As a result of health insurance and retirement changes, annual savings of \$19,425 are projected.

The approval of this agreement advances our goal of creating a more uniform benefits package across all employee groups. This, in turn, creates a system that is much more efficient and easier to administer.

RECOMMENDATION

City management supports and recommends approval of the tentative agreement between the City of Troy and the Troy Communication Supervisors Association (TCSA) for a three-year successor collective bargaining agreement that will replace the contract that expired June 30, 2013.

A summary of the tentative agreement and the resulting contract language changes are attached.

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

ISSUE	CURRENT	TENTATIVE AGREEMENT
Contact Duration		Three years
Wages		Upon ratification 1% plus \$950 signing bonus July 1, 2014 1% plus \$250 lump sum July 1, 2015 1%
Health Insurance	<ol style="list-style-type: none"> 1. Blue Cross CB PPO, BCN & HAP <ol style="list-style-type: none"> a) \$10/40 generic/brand Rx (PDR) b) 2x MOPD (\$20 co-pay for 3 mo Rx supply) c) \$30 office visit co-pay; \$50 ER co-pay (waived if admitted) d) \$250/\$500 basic deductible e) 5% employee premium cost-share 	<ol style="list-style-type: none"> 1. Eliminated HMO's 2. City selects PA 152 Local Government Opt Out for 2013-14 and 2014-15 3. Either party may request a reopener on the sole issue of health insurance for 7/1/2015
Retirement	<ol style="list-style-type: none"> 1. City contribution to DC Plan for new employees is currently 10% 2. Accrual of employer-paid retiree health insurance is 4% per year of service, up to 100% maximum 	<ol style="list-style-type: none"> 1. City contribution to DC Plan for new employees (hired after 7/1/13) becomes 8% 2. Accrual of employer-paid retiree health insurance is 3% for each future year of service, up to 90% maximum.
Miscellaneous		Modified Emergency Manager language to include language required by current legislation.

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:

- | | |
|------------|--|
| 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 before January 2, 2006:

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 7/1/2013, the City pays 3% for the monthly cost of health care for each future year of credited service to a maximum of 90%. Current employees who as of 7/1/2013 would be eligible for 90% or more 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 + \$950 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.