



CITY COUNCIL AGENDA ITEM

Date: June 28, 2013

To: Brian Kischnick, City Manager

From: Tom Darling, Director of Financial Services
Peggy Sears, Human Resources Director

Subject: **AGENDA ITEM** – Contract Ratification – American Federation of State, County and Municipal Employees (AFSCME) 2013-2016

BACKGROUND

On June 21, 2013, the City of Troy and AFSCME reached a tentative agreement for a three-year successor collective bargaining agreement that will replace the contract that expired June 30, 2013.

In the last contract, the parties achieved a 10% savings from this employee group which included a 5% reduction in wages for two years and 104 hours per year of unpaid furlough days, and three cost-saving protocols added to the prescription drug program. Consistent with the direction of City Council, these 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 (lump sum), and a 50% reduction in unpaid furlough time from 104 hours to 52 hours annually. Significant savings (over \$320,000 annually) will be realized in health insurance and pension costs. All AFSCME 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, and the employee's share in the cost of health insurance will increase from a flat amount to 5% of premium. With the entire bargaining unit accepting Community Blue PPO, there would be a two-year opt out of PA 152 with an option to reopen the contract in the third year on the sole issue of health insurance.

The employer's contribution to the Defined Contribution Pension Plan will reduce from 10% to 8%. Additionally, two 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, and the maximum is reduced from 100% to 90%.

Additional cost-saving measures were made in the disability insurance benefit and vacation leave. Disability insurance currently provides 60% of gross salary (short-term disability) or 50% of gross salary (long-term disability), plus 10% supplement by the City and, if available, 10% supplement from the employee's accrued leave time. With the new agreement, the city supplement is conditioned on



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the employee also supplementing accrued leave time, and the entitlement to continued leave accrual and paid health insurance during periods of non-duty disability is limited to two years.

RECOMMENDATION

Pending ratification by AFSCME on July 8, 2013, City management supports and recommends approval of the tentative agreement between the City of Troy and the American Federation of State, County, and Municipal Employees (AFSCME)) for a three-year successor collective bargaining agreement that will replace the contract that expired June 30, 2013.

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

Attachments

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

<u>ISSUE</u>	<u>SOLUTION</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%
Furlough Days	Reduced from 104 hours to 52 hours unpaid furlough time per year
Health Insurance	<ol style="list-style-type: none"> 1. Current Blue Cross PPO and both HMO's replaced with Blue Cross Community Blue Plan 1 (Modified): <ol style="list-style-type: none"> a. \$10/\$40 prescription drug rider (PDR) replaces \$5/\$10 PDR for generic/brand name drugs, 2X MOPD (co-pay for mail order prescription drugs increased to a two-month co-pay for a 3 month supply) b. \$30 office visit co-pay and \$30 chiropractic office visit co-pay c. \$50 emergency room co-pay (waived if admitted) d. \$250/\$500 basic deductible 2. Employee co-pay for health insurance premium changed from flat amount to 5.0% of total premium cost. The City opts out of PA 152 for 2013-14 and 2014-15; either party may request a reopener on the sole issue of health insurance for 7/1/2015. 3. Amount of cash-in-lieu payments for those opting out of city health insurance reduced for all employees from \$250/mo. to \$200/mo.
Disability Insurance	<ol style="list-style-type: none"> 1. Eliminated the City supplement of 10% unless the employee also supplements 10% with accrued leave time. 2. Limited entitlement to leave accrual and paid health insurance during periods of non-duty disability.
Pension	<ol style="list-style-type: none"> 1. For employees hired after 7/1/13, the employer contribution toward the Defined Contribution Pension Plan is reduced from 10% to 8% 2. Modified the accrual of employer-paid retiree health insurance from 4% per year of service up to 100%, to 3% for each future year of service to a maximum of 90%.
Vacation Leave	Eliminated the awarding of additional vacation days for each week scheduled and taken between Jan. 1 st and April 15 th .
Miscellaneous:	<ol style="list-style-type: none"> 1. Union security language revised to be consistent with Michigan Right to Work Act (ie. employees are not required to become members of the union)

2. Employer has the right to extend the probationary period in one month segment up to an additional 6 months (new hires) or 3 months (transfers/promotions)
3. Temporary assignments to work required by a higher classification can be made to one of the three most senior qualified, interested employees (instead of the most senior employee)
4. Clarified language addressing loss of seniority in the even employee does not work for a period of two years to be more consistent with ADA law (added "providing the employee is unable to perform the essential duties of the position with reasonable accommodation")
5. Modified testing process to be more expedient and efficient
6. City's obligation to provide Carhartt jacket and overalls is dependent upon the employee turning in the old ones.
7. Modified Emergency Manager language consistent with current legislation.

TENTATIVE AGREEMENT with Contract Language Detail
City of Troy and AFSCME
2013-2016 Collective Bargaining Agreement

Art. 6. Union Security

Replace current language with:

Employees are not required to join the Union as a condition of employment in accordance with applicable State law.

Employees shall be deemed to be members of the Union within the meaning of this Section if they are not more than 60 days in arrears in payment of their membership dues.

However, if the Michigan Right to Work Act is repealed or determined with finality to be unlawful, the union security provisions found in Article 6 of the 2011-2013 collective bargaining agreement between the City of Troy and Local #574 shall be reinstated.

Art. 15. Seniority

B. (1) Modify current language of first sentence as follows:

New full-time employees hired shall be considered as probationary employees for the first six (6) months of their employment. **The Employer may extend the probationary period in one (1) month segments, up to an additional six (6) months.**

E. (8) Modify as follows:

~~The employee is off the payroll for a period of two (2) years with evidence that the employee will not be capable of performing the regular duties of the position previously held.~~ **does not work for a period of two (2) years provided the employee is unable to perform the essential duties of the position with reasonable accommodation.**

Art. 17. Working Hours

C. Modify first paragraph as follows:

The work week shall consist of five (5) consecutive eight (8) hour days, Monday through Friday. The City may establish a five (5) consecutive eight (8) hour day work week other than Monday through Friday. ~~for employees hired after July 1, 1975 or for those hired previous to July 1, 1975 who choose to apply for such schedule. However, no employee hired previous to July 1, 1975 shall be forced on a work week other than Monday through Friday.~~

Art. 19. Attendance

E. Reduce furlough requirement from 104 hours to 52 hours

Art. 22. Posting of Vacancy

A. (1) Modify first two paragraphs to read as follows:

In the event of a vacancy or newly created position which the Employer elects to fill and for which there is no valid eligible list, the Employer shall post the vacancy or new position at least seven (7) calendar days in all divisions. The posting shall include a description of the qualifications, hours of work, typical duties, division, testing dates (as applicable), and tentative date of appointment. A copy will be given to the Chapter Chairman. The City shall provide the Chapter Chairman with a copy of the test results and notify the successful employee within ten (10) working days after the final testing date.

~~In the event a written test is conducted Upon the conclusion of the written test for a classification, a pre-qualification list of written test results shall be established which~~

shall remain valid for a period of one (1) year. Six (6) months after the creation of the pre-qualification list, those employees who failed the written test and those employees who were on probation and thus ineligible at the time the last test was administered may request to be tested. Such requests must be submitted in writing not later than two (2) weeks after the six-month date, as stated in the test notification letter. Employees passing this test shall have their names and test scores added to the pre-qualification list; such test scores will expire on the date the pre-qualification list expires.

Add the following paragraph:

When a written test is not administered and a prequalification list is not established, employees who were on approved leave during the entire posting period, and therefore unable to apply, may submit an application within two (2) work days of their return to work and will be considered for the position if interviews have not yet been conducted.

- D. Modify current language as follows:
Employees awarded a classification change shall have a probationary trial period not to exceed three (3) months to qualify for such classification. **The Employer may extend the probationary period in one (1) month segments, not to exceed six (6) months.** This shall permit the City to disqualify the employee prior to the completion of such probationary trial period where lack of ability to qualify is obvious. Employees who fail to qualify shall be returned to their former classification and schedule without loss of seniority, and shall be given the reasons for their disqualification in writing.

Art. 23. Promotions

- B. Modify to read as follows:

Qualifications shall be determined by the Employer and will be applied in a fair and equitable manner to all applicants.

- 1) ~~The Employer shall have a~~ **A standard test process** which may include but not be limited to written, oral **interview**, practical, or combination thereof for each classification, and test questions shall pertain only to duties and responsibilities of that classification. Passing grade shall be told to employee prior to the test.

~~Should an oral board be assembled, not less than 1/3 of the board shall be from outside the City employment.~~

Art. 25 Temporary Assignments

Modify first paragraph to read as follows:

Temporary assignments calling for the performance of work required by a higher classification for the purpose of filling vacancies of employees who are on vacation, absent because of illness, etc. where such assignments exceed one (1) week per assignment, will be granted to ~~the senior employee~~ **one of the three most senior, interested employees**, provided he is qualified to perform the work without additional training. Such employees will receive the next higher rate of pay above their own for the classification to which they are assigned for all hours worked for performing such work in excess of five (5) consecutive days or in excess of thirty (30) working days within any twelve (12) month period.

Art. 27 Temporary and/or Part-Time Employees

- A. (4) Replace current contract language with the following:

Any temporary employee continuing employment after four (4) months shall be deemed a full-time employee and may join the union, and he shall not obtain any seniority until he has completed three (3) months as a full-time employee.

Art. 35 Sick Leave

- E. Remove; re-letter remaining subsections.
~~Employees shall be notified of their sick leave credits during the month of January of each year.~~

Art. 39 Vacation Leave

- B. ~~During the month of January of each year, an employee shall receive a record showing the amount of vacation time he is eligible to receive in the present calendar year. An employee's request for vacation shall be submitted to his Division Head no later than April 1st of each year. In cases where there are conflicts between vacation time and where the number of employees requesting to be off exceeds the number allowable in that department, vacation choice shall be by seniority among the employees involved. Employees with vacation leave credited who do not schedule their vacation prior to April 1st may select available vacation periods without seniority preference. It shall be at the discretion of the Division Head to determine how many employees may be gone at any one time on vacation.~~

- H. Remove; re-letter subsection I to H.
~~Any employee who requests and is granted vacation leave between January 1st and April 15th shall receive one day additional vacation for each week scheduled and taken in that time period. Said extra day or days must also be taken during that period, but do not have to be taken in conjunction with the actual week taken.~~

Art. 41 Disability Insurance

- A. Modify language as follows:
The City will provide short-term disability insurance for all employees. Said insurance will provide approximately sixty (60) percent of an employee's gross salary after a thirty (30) day waiting period for a maximum of fifty-two (52) weeks. If available, a charge of up to eight (8) hours per pay period of the employee's accrued leave time, ~~together with this insurance and a supplement from the City, will provide approximately 80% of the employee's gross salary.~~ **shall supplement the insurance payment. If leave time is used to supplement this insurance, a supplement from the City will provide and approximate additional 10% of the employee's gross salary.**

- B. Modify language as follows:
Long-term disability insurance will be provided by the City for all employees with three or more years of service at the time of the next opening date of the insurance policy. Eligible employees must also be accepted by the insurance company. Said insurance shall provide approximately fifty (50) percent of gross salary beginning 12 months after an extended absence due to sickness or accident. If available, a charge of up to eight (8) hours per pay period of the employee's accrued leave time, ~~together with this insurance and a supplement from the City, will provide approximately 70% of the employee's gross salary.~~ **shall supplement the insurance payment. If leave time is used to supplement this insurance, a supplement from the City will provide and approximate additional 10% of the employee's gross salary.**

Employees who are absent from work for reasons of non-duty disability shall continue to accrue benefits pursuant to rules governing leave accrual during the first full two (2) years of their disability. During the second year of the non-duty disability, sick leave only shall accrue. Hospitalization insurance shall be continued during the first full two (2) years of their disability. After two years of non-duty disability, employees shall not accrue additional leave time.

The insurance shall continue until the employee's death, retirement, or return to work. However, in the case of non-duty disability, such coverage shall not exceed a period five (5) years.

Art. 43. Hospitalization and Medical Insurance

A. The Employer will provide **the following** hospitalization and medical insurance for those employees who elect to be covered ~~for the following programs:~~

~~Blue Cross/Blue Shield (PPO) with MVF-I Master Medical Option I with the following riders: TRUST-15, PLUS-15, \$5.00 deductible prescription (for employees hired after January 1, 2004) \$5/\$10 PDR for generic/brand name drugs), D45NM, F, SA, G65, ML, FAE-RC, VST, RM, and optical for the employee and family including the following programs: Predetermination and MSO (Mandatory Second Surgical Opinion), and the following protocols for prescription drugs: Mandatory Generic, Step Therapy and Prior Authorization. The Employer's initial responsibility of paying premiums for medical insurance shall be \$700 per month. Any increase in the cost of medical insurance in excess of \$700 will be paid by deducting 50% of the premium increase from the employee's paycheck, but not more than \$85 per month. In the event the cap for health insurance for the City of Troy Classified and Exempt employee groups is increased beyond \$700 during the term of the collective bargaining agreement, the same increase shall be applied at the same point in time to the cap for health insurance for members of this bargaining unit.~~

~~The City pays 50% of the cost of Family continuation coverage for eligible children between the ages of 19 and 25 years. The remaining cost is deducted from the employee's paycheck on a bi-weekly basis.~~

For the employee, legal spouse, and dependent children Blue Cross Community Blue Plan 1 (Modified) to include: \$10/\$40 drug rider with mandatory generic, prior authorization, step therapy, 2xMOPD; \$30 office visit co-pay; \$30 chiropractic office visit co-pay; \$50 emergency room co-pay (waived if admitted); and \$250/\$500 basic deductible.

An employee who elects to be covered by medical insurance shall contribute 5.0% of the total premium cost by means of a pretax payroll deduction.

D. Modify first paragraph as follows:

Following contract ratification, employees who choose not to subscribe to medical insurance will receive ~~\$250~~ **\$200** per month.

Add:

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

Art. 44 Uniforms

A. Modify language as follows:

The City will furnish to each employee five (5) uniform changes per week and protective clothing as necessary. The City will also make available, as necessary, gloves and boots for the benefit of employees. The City shall provide one Carhartt $\frac{3}{4}$ length insulated jacket and bib overalls every two years for employees regularly assigned outside work. **The old jacket and bib overalls must be turned in for replacement.** During summer months, the City shall provide short sleeved or "T" shirts. It is understood between the parties to this Agreement that the City's responsibility under this section is to provide the uniforms and equipment as specified in this section, and

the employee's responsibility is to wear said uniforms and utilize such equipment as provided. The employee is also responsible to return said uniforms and equipment (excluding including Carhartt jacket and bib overalls). Failure to do so will subject the employee to having the cost of such equipment and/or uniforms deducted from his payroll check.

Art. 46 Pension

B. (1) Add:

For employees hired after 7/1/13: Employee - 5%

Employer - 8%

D. (1) Modify language as follows:

For employees hired prior to July 1, 2006: Upon regular retirement, early retirement, or disability retirement, the City pays 4% of the monthly cost of health care for two person coverage for retiree and spouse (or dependent child) at the time of retirement for each year of credited retirement service (~~maximum 100%~~), or \$400 per month, whichever is greater.

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.

~~Thus, if someone retires with 25 years of service, the City will pay 100% of the cost of health care coverage. If the employee has 10 years of credited service, the City will pay the greater of \$400 per month or 40% of the retiree's health care cost. (Note: Employees who participate in the Defined Contribution pension plan must still meet the age and service requirement specified in the retirement ordinance in order to be eligible for paid retiree health insurance.)~~

Art. 52 Separability and Savings Clause

C. Create new Article 53 and modify as follows (and re-number current Articles 53 and 54):

Article 53 – Emergency Manager

~~An emergency financial manager appointed under the Local Government and School District Fiscal Accountability Act~~ **Local Financial Stability and Choice Act (“Act”)** may reject, modify, or terminate the collective bargaining agreement as provided within the ~~Local Government and School District Fiscal Accountability Act~~. Provisions required by this subsection are prohibited subjects of bargaining under this act.

Inclusion of the foregoing language which is required under Section 15(7) of the Public Employment Relations Act does not constitute an agreement by the Union to the substantive or procedural content of the language. In addition, inclusion of the language does not constitute a waiver of the Union's right to raise Constitutional and/or other legal challenge (including contractual or administrative challenges) to the validity of: (1) appointment of an Emergency Manager; (2) P.A. 436 of 2012 (Local Financial Stability and Choice Act); or (3) any action of an Emergency Manager which acts to reject, modify, or terminate the collective bargaining agreement.

Art. 55 Terms (previously Article 54) Modify as follows:

This Agreement shall continue in full force and effect until midnight, June 30, ~~2013~~, **2016** and shall continue in effect from year to year thereafter, unless either party shall give the other party at least sixty (60) days written notice, by registered mail, before the end of the term of this Agreement or before the end of any annual period thereafter, of its desire to terminate the same or to change or amend any of its provisions.

Appendix A

1) Reinstatement of wages in effect prior to 5/16/2011 (eliminating the 5% wage reduction):

Classification	Start Step 1	Probation Step 2	1 Year Step 3	2 Years Step 4	3 Years Step 5
MSE-A	19.42	22.56	23.00	23.11	23.25
MSE-B	19.67	22.93	23.11	23.35	23.59
MSE-C	19.89	22.94	23.25	23.47	23.69
MSE-D	20.25	23.47	23.78	23.90	24.01
MSE-E	20.79	24.11	24.38	24.61	24.80
MSE-F	20.96	24.27	24.47	24.61	24.80
MSE-G	21.64	25.28	25.42	25.51	25.59
MSE-H	21.64	25.28	25.42	25.51	25.59

- 2) Effective upon ratification: 1% across the board wage increase; \$500 signing bonus
- 3) Effective July 1, 2014: 1% across the board wage increase; \$250 lump sum
- 4) Effective July 1, 2015: 1% across the board wage increase

Appendix B – Typical Work Assignments

Modify language for Classification A, C, F and G as follows:

Classification A

Municipal Service Employee A – Custodian

- ~~1. Normal custodial work at City buildings including but not limited to City Hall, Public Library, DPW Garage, etc.~~
- ~~2. Pick up and delivery of custodial equipment and mechanical parts and supplies.~~
- ~~3. Minor maintenance and repair to municipal buildings and appurtenances.~~
- ~~4. Other similar work assignments.~~

Municipal Service Employee A - General Service Technician

- 1. Pick-up, delivery, and stocking of parts and supplies.
- 2. Minor maintenance, repair, and custodial work at DPW and/or Parks facilities and/or equipment.
- 3. Tire repair on City-owned equipment.
- 4. Other similar work assignments.

Classification C

Municipal Service Employee C - Equipment Operator I

General Duties:

- 1. Operation and routine maintenance of light power equipment, including but not limited to trucks, tractors, loaders, sewer cleaning equipment, **street sweeper**, etc.
- 2. Operation of small hand tools and power equipment, including but not limited to chain saws, boring machines, lawn mowers, jackhammers, etc.
- 3. General maintenance and labor work.

Typical Streets and Drains Division Duties:

- 1. Maintenance of all City streets, roadways, and drains.
- 2. Fabricate and install street signs.
- 3. Storm and sanitary sewer maintenance and cleanout.
- 4. Staking underground utilities.

5. Other similar work assignments.

Typical Water and Sewer Division Duties:

1. Sewer and water facilities installation and maintenance.
2. Water service installation and maintenance.
3. Staking underground utilities.
4. Other similar work assignments.

Typical Parks and Recreation Department Duties:

1. Preparation and maintenance of all Parks and Recreation facilities, grounds, and equipment.
2. Maintenance of all City lawns and grounds.
3. Opening and closing of graves and maintenance of cemeteries.
4. Fabricate and install park signs.
5. Assist in planting and maintenance of City trees.
6. Other similar work assignments.
5. Horticultural activities.
6. General labor work.
7. Other similar work assignments.

Classification F

Municipal Service Employee F - Service Technician II

1. Maintenance, service, and repair of sewer pumping and lift stations, and water metering and pressure control installations.
2. General labor work.
3. Other similar work assignments.

Municipal Service Employee F - Trade Specialist I

Will perform specialized work in one of the following areas:

1. Perform automotive and equipment mechanical work at an intermediate level.
2. Perform skilled masonry and block work.
3. Pressure test and chlorinate water mains.
4. Function as a tree artisan, including but not limited to tasks such as trim, prune, plant, identify, cut, climb, graft, and coordinate transplanting operations.

And also:

5. General labor and service work.
6. Other similar work assignments.

Municipal Service Employee F - Park Maintenance Trade Specialist I

1. Repair, maintain, and fabricate small engines, equipment, irrigation equipment and systems, electrical, and plumbing equipment, plus other duties as assigned.
2. General labor work.
3. Other similar work assignments.

Municipal Service Employee F - Equipment Operator II

1. Operate heavy power equipment, including but not limited to a street sweeper, road grader, ditching machine, etc.
2. General labor work.
3. Other similar work assignments.

Classification G

Municipal Service Employee G - Leader

1. Working leaders.
2. Supervision of small work force.

3. Provide training to other employees.
4. General labor work.
5. Other similar work assignments.

Municipal Service Employee G - Trade Specialist II (Fleet Maintenance)

1. Perform automotive and equipment mechanical work at a high level.
2. Perform welding and fabricating.
3. Provide training and supervision to other employees.
4. General service and labor work.
5. Other similar work assignments.

Municipal Service Employee G - Weighmaster

- ~~1. Regulate and enforce all weight limits in the City.~~
- ~~2. Enforce all ordinances affecting public streets in the City.~~
- ~~3. Perform service and maintenance of traffic counters.~~
- ~~4. General service and labor work.~~
- ~~5. Other similar work assignments.~~

Other Language Changes:

Remove all references to Building Maintenance and Custodians

Replace all "Assistant City Manager" with "or Designee"