



CITY COUNCIL ACTION REPORT

DATE: February 10, 2010

TO: The Honorable Mayor and City Council Members

FROM: John Szerlag, City Manager
John M. Lamerato, Assistant City Manager/Finance & Administration
Peggy E. Sears, Human Resources Director

SUBJECT: **AGENDA ITEM** – Ratification of Contract Extension – American Federation of State, County and Municipal Employees (AFSCME) 2006-2011

RECOMMENDATION

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 for an extension of the collective bargaining agreement from June 30, 2010 to June 30, 2011 with the exception of health insurance which will be subject to negotiations as of June 30, 2010, and including that all employees will take the equivalent of a 5% wage decrease in the form of unpaid furlough days irrespective of the outcome of the millage election on February 23, 2010.

BACKGROUND

On March 23, 2009, the City Council approved an agreement between the City of Troy and AFSCME to extend the current collective bargaining agreement from June 30, 2009 to June 30, 2010. This, in effect, meant a wage freeze for the approximately 80 employees in that bargaining unit.

Less than six months into the contract extension, the union agreed to open their contract for the purpose of investigating options for employee concessions. A tentative agreement on a Letter of Understanding was reached which provides for the equivalent of a 5% pay reduction whether or not the millage increase is passed in the February election. The contract would be extended to June 30, 2011, except that as of June 30, 2010, health insurance, including drug rider, will be subject to negotiations. The membership ratified this Letter of Understanding on February 9, 2010. A copy of the Letter of Understanding is attached for your review.

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With this agreement, over 60% of the employees have agreed to wage concessions. In addition to the Classified and Exempt employee group, this is the third bargaining unit to ratify a concessionary agreement.

PES/bjm

Attachment

LETTER OF UNDERSTANDING

City of Troy and AFSCME February 8, 2010

It is hereby agreed between the City of Troy, Oakland County, Michigan, a municipal corporation, hereinafter referred to as the "City" and the Troy Chapter "C" of Local #574, affiliated with Michigan Council 25 and chartered by the American Federation of State, County and Municipal Employees (AFSCME), AFL-CIO, hereinafter referred to as the "Union" that all members of the bargaining unit agree to a concession equivalent to a 5% wage decrease in the form of unpaid furlough days as outlined below. This concession will be effective February 8, 2010 through June 30, 2011 at which this Agreement will terminate.

1. Effective the first pay period after February 8, 2010 through June 30, 2011, all AFSCME members will take 144 hours of furlough time, and their biweekly pay shall be reduced by the number of furlough hours taken during that pay period. The member may choose the dates that the furlough time will be served; however, 40 hours must be taken between February 8, 2010 and June 30, 2010, and 104 hours must be taken between July 1, 2010 and June 30, 2011. In cases where there are conflicts between furlough time selected and the number of employees that can be permitted off by the Department, the furlough time shall be determined by seniority among the employees involved. It shall be at the discretion of the Division Head to determine how many employees may be gone at any one time on furlough time.
2. All terms and conditions of the collective bargaining agreement due to expire June 30, 2010 shall be extended until June 30, 2011 with the exception of health insurance, including prescription drug coverage, which shall be subject to negotiations and possible modification after June 30, 2010.
3. The use of furlough time shall not create overtime; however, employees who are off on furlough time but get called in to work overtime will be paid at the appropriate overtime rate. In the event an AFSCME member is asked by the City to work on a selected furlough day, the member will select furlough time for a later date in the same manner as outlined for vacation in Article 39.
5. This agreement is irrespective of the outcome of the millage election on February 23, 2010.

FOR THE CITY

Aggy E. Seare

[Signature]

Date: 2/10/10

FOR THE UNION

Michael J. [Signature]
Daniel [Signature]

Date: 2-10-2010